No. 17-1625	
Title:	**Rimini Street, Inc., et al., Petitioners** **v.** **Oracle USA, Inc., et al.**
Docketed:	June 1, 2018
Lower Ct:	United States Court of Appeals for the Ninth Circuit
Case Numbers:	(16-16832, 16-16905)
Decision Date:	January 8, 2018
Rehearing Denied:	March 2, 2018
Questions Presented	

DATE	PROCEEDINGS AND ORDERS
May 31 2018	Petition for a writ of certiorari filed. (Response due July 2, 2018) **Petition** **Appendix** **Proof of Service** **Certificate of Word Count**
Jun 28 2018	Motion to extend the time to file a response is granted and the time is extended to and including August 1, 2018.
Jun 28 2018	Motion to extend the time to file a response from July 2, 2018 to August 1, 2018, submitted to The Clerk. **Main Document**
Aug 01 2018	Brief of respondents Oracle USA Inc., et al. in opposition filed. **Main Document** **Certificate of Word Count** **Proof of Service**
Aug 14 2018	Reply of petitioners Rimini Street, Inc., and Seth Ravin filed. **Main Document** **Certificate of Word Count** **Proof of Service**
Aug 15 2018	DISTRIBUTED for Conference of 9/24/2018.
Sep 27 2018	Petition GRANTED. Justice Alito took no part in the consideration or decision of this petition.
Oct 24 2018	Blanket Consent filed by Petitioners, Rimini Street, Inc., and Seth Ravin. **Blanket Consent**
Oct 26 2018	Blanket Consent filed by Respondents, Oracle USA Inc., et al. **Blanket Consent**
Nov 13 2018	Brief of petitioners Rimini Street, Inc., and Seth Ravin filed.

	Main Document **Certificate of Word Count** **Proof of Service**
Nov 13 2018	Joint appendix filed. (Statement of costs filed) **Main Document** **Proof of Service**
Nov 19 2018	Brief amicus curiae of American Intellectual Property Law Association in support of neither party filed. **Main Document** **Certificate of Word Count** **Proof of Service**
Nov 20 2018	Brief amicus curiae of United States filed. **Main Document** **Certificate of Word Count**
Nov 20 2018	Brief amicus curiae of Professor Patrick T. Gillen filed. **Main Document** **Certificate of Word Count** **Proof of Service**
Nov 20 2018	Brief amici curiae of Scholars of Corpus Linguistics filed. **Main Document** **Certificate of Word Count** **Proof of Service**
Nov 28 2018	SET FOR ARGUMENT ON Monday, January 14, 2019
Nov 30 2018	CIRCULATED
Dec 06 2018	Motion of the Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument filed. **Proof of Service** **Main Document**
Dec 11 2018	Record requested from the U.S.C.A. 9th Circuit.
Dec 12 2018	Record received from both the U.S.C.A. 9th Circuit and the U.S.D.C. District of Nevada is electronic and located on PACER, with the exception of some SEALED and Restricted documents that are electronic.
Dec 13 2018	Brief of respondents Oracle USA Inc., et al. filed. (Distributed) **Main Document** **Certificate of Word Count** **Proof of Service**
Dec 20 2018	Brief amicus curiae of Ralph Oman filed. (Distributed) **Main Document** **Certificate of Word Count** **Proof of Service**
Dec 20 2018	Brief amici curiae of National Music Publishers' Association, and Recording Industry Association of America filed. (Distributed) **Main Document** **Certificate of Word Count** **Proof of Service**
Dec 20 2018	Brief amicus curiae of Professor Steven Baicker-Mckee filed. (Distributed) **Main Document** **Proof of Service** **Certificate of Word Count**
Dec 20 2018	Brief amicus curiae of BSA | The Software Alliance. filed. (Distributed)

	Main Document **Certificate of Word Count** **Proof of Service**	
Dec 20 2018	Brief amicus curiae of Copyright Alliance filed. (Distributed)	
	Main Document **Certificate of Word Count** **Proof of Service**	
Dec 20 2018	Brief amici curiae of Scholars of Linguistics filed. (Distributed)	
	Main Document **Certificate of Word Count** **Proof of Service**	
Jan 03 2019	Justice Alito is no longer recused in this case.	
Jan 04 2019	Motion of the Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument GRANTED.	
Jan 04 2019	Reply of petitioners Rimini Street, Inc., and Seth Ravin filed. (Distributed)	
	Main Document **Certificate of Word Count** **Proof of Service**	
Jan 14 2019	Argued. For petitioners: Mark A. Perry, Washington, D. C.; and Allon Kedem, Assistant to the Solicitor General, Department of Justice, Washington, D. C. (for United States, as amicus curiae.) For respondents: Paul D. Clement, Washington, D. C.	

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No.

IN THE
Supreme Court of the United States

RIMINI STREET, INC., AND SETH RAVIN,

Petitioners,

v.

ORACLE USA INC., ORACLE AMERICA, INC., AND ORACLE INTERNATIONAL CORPORATION,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether the Copyright Act's allowance of "full costs" (17 U.S.C. § 505) to a prevailing party is limited to taxable costs under 28 U.S.C. §§ 1920 and 1821, as the Eighth and Eleventh Circuits have held, or also authorizes non-taxable costs, as the Ninth Circuit holds.

PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT

All parties to the case below are named in the caption.

Pursuant to this Court's Rule 29.6, undersigned counsel state that petitioner Rimini Street, Inc. is a publicly traded Delaware corporation. Rimini Street, Inc. has no parent company and no publicly held company owns 10% or more of its stock.

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PETITION FOR A WRIT OF CERTIORARI

Petitioners Rimini Street, Inc. and Seth Ravin respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a–35a) is reported at 879 F.3d 948. The district court's post-trial opinion (Pet. App. 43a–72a) is reported at 209 F. Supp. 3d 1200; its judgment (Pet. App. 38a–40a) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on January 8, 2018, and that court denied a timely petition for rehearing on March 2, 2018. Pet. App. 36a–37a. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The text of 17 U.S.C. § 505, and 28 U.S.C. §§ 1821 and 1920, is reproduced at Pet. App. 92a–95a.

STATEMENT

1. From 1799 until 1853, there was no federal statute specifying which categories of litigation costs could be recovered by a prevailing party in the federal courts, nor was there any federal statute limiting the amount of such recoverable costs. Rather, "federal courts ... refer[red] to state rules governing taxable costs." *Crawford Fitting Co.* v. *J. T. Gibbons, Inc.*, 482 U.S. 437, 439 (1987). This led to disarray in cost recovery, with some "losing litigants ... being unfairly saddled with exorbitant" cost awards. *Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 565 (2012).

Congress addressed this problem in the Fee Act of 1853, which was aimed at "the flagrant abuses" fostered when "[o]ne system prevails in one district, and a totally different one in another." Cong. Globe App., 32d Cong., 2d Sess. app. 207 (1853) (statement of Sen. Bradbury). The Act presented a "uniform rule" to stop the "exceedingly oppressive" size of cost awards, and to "simplify the taxation of [fees and costs], by prescribing a limited number of definite items to be allowed." *Ibid.*; *see also* Act of Feb. 26, 1853, ch. 80, 10 Stat. 161.

The result was "a far-reaching Act specifying in detail the nature and amount of the taxable items of cost in the federal courts." *Alyeska Pipeline Serv. Co.* v. *Wilderness Soc'y*, 421 U.S. 240, 251–52 (1975). "The sweeping reforms of the 1853 Act [were] carried forward to today, without any apparent intent to change the controlling rules," with "Title 28 U.S.C. § 1920 now embod[ying] Congress' considered choice as to the kinds of expenses that a federal court may tax as costs against the losing party" (*Crawford Fitting Co.*, 482 U.S. at 440), and Section 1821 setting limits on amounts of some of those costs. These two

statutes "comprehensively regulate[]" costs "in the federal courts" (*ibid.*), and "define the full extent of a federal court's power to shift litigation costs absent express statutory authority to go further" (*W. Va. Univer. Hosps., Inc.* v. *Casey*, 499 U.S. 83, 86 (1991)).

As this Court has recognized, "taxable costs" are supposed to be "limited" and "modest in scope." *Taniguchi*, 566 U.S. at 573. Section 1920 sets out six discrete categories of "taxable costs": fees for the clerk and marshal; transcript fees; disbursements for printing and witnesses; fees for making copies; docketing fees; and the compensation of court-appointed experts and certain special interpretation services. 28 U.S.C. § 1920(1)–(6). Section 1821, in turn, delineates witness attendance rates ($40-per-day), as well as per diem rules for witness travel expenses. *Id.* § 1821(a)–(f). All other cost categories or amounts in excess of the fixed rates are considered "non-taxable."

Congress can, of course, expand the universe of recoverable costs if it decides to. But this Court explained in *Crawford Fitting* that courts do not presume Congress has done so absent "explicit statutory ... authorization." 482 U.S. at 445. Thus, for instance, "no statute" can "be construed as authorizing the taxation of [expert] witness fees"—a category not found in Sections 1920 and 1821—"unless the statute refers explicitly to [expert] witness fees" and does so "unambiguously." *Arlington Cent. Sch. Dist. Bd. of Educ.* v. *Murphy*, 548 U.S. 291, 298, 301, 303 (2006).

2. Petitioner Rimini Street, Inc. engages "in lawful competition" with respondents by, among other things, providing third-party support for various enterprise software programs, the related copyrights for which are owned by respondents. Pet. App. 5a. "[U]nlike the off-the-shelf consumer software used by

individuals in everyday life, enterprise software employed by large organizations is customized around the organizations' specific needs." Pet. App. 11a. Thus, for instance, "[w]hile producers of consumer software generally design updates around standard use cases and make them available for end users to download and install directly, updates to enterprise software must be tested and modified to fit with bespoke customizations before being put to actual use." Pet. App. 11a. Much like one can take a car for service to the dealership or an independent auto mechanic, so too, respondents' licensees can shop around for aftermarket support, and sometimes they choose Rimini.

In 2010, respondents filed suit in federal district court against Rimini and Rimini's CEO, petitioner Seth Ravin, alleging numerous causes of action, ranging from copyright infringement to computer hacking. Pet. App. 6a. Respondents abandoned the vast majority of these claims before or at trial, but secured verdicts for innocent copyright infringement and violation of state anti-hacking statutes. Pet. App. 6a, 81a–82a. The jury awarded hypothetical license damages for innocent infringement in the amount of $35,600,000 and damages of just over $14 million for violations of state computer hacking statutes. Pet. App. 27a & n.7.

Post-trial, respondents moved for an "extensive permanent injunction" (Pet. App. 6a), as well as for approximately $35 million in attorneys' fees (Pet. App. 59a), more than $20 million in costs (Pet. App. 69a–70a), and over $22 million in prejudgment interest (Pet. App. 27a). The total award to respondents was approximately $124 million. Pet. App. 6a.

Included in respondents' cost award was over $12 million in non-taxable costs. Pet. App. 71a. The initial request consisted of $7,820,091.36 in "Expert Fees," $314,838.09 in "Consultant Fees," $8,271,552.59 in "Electronic Discovery Costs," and $1,230,273.64 in "Other Non-Taxable Costs," for a total of $17,636,755.68 in "Non-Taxable Costs." Pet. App. 73a–75a. The district court applied a 25% across-the-board reduction and a 50% reduction for the costs associated with one particular expert, making the total amount awarded "$12,774,550.26." Pet. App. 34a, 70a–71a.

Petitioners objected to the award of these non-taxable costs, arguing that any costs awarded under the Copyright Act were limited to taxable costs permitted by 28 U.S.C. §§ 1920 and 1821. The district court, however, followed Ninth Circuit precedent holding that the Copyright Act "permits a successful plaintiff to recover *all costs* incurred in litigation, not just taxable costs authorized by ... 28 U.S.C. § 1920." Pet. App. 70a. (citing *Twentieth Century Fox Film Corp.* v. *Entm't Distrib.*, 429 F.3d 869 (9th Cir. 2005)) (emphasis added). The Ninth Circuit affirmed, explaining that it was "bound by [its] precedent" in *Twentieth Century Fox*. Pet. App. 34a.[1]

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[1] The court of appeals, however, reversed the computer hacking verdicts and all associated damages and prejudgment interest awards, vacated the permanent injunction, and vacated the entire attorneys' fees award, remanding to the district court to reconsider the injunction and attorneys' fees "in light of [respondents'] more limited success at litigation." Pet. App. 32a. All told, the court of appeals reversed or vacated nearly $50 million of the total trial and post-trial awards.

3. Petitioners filed a timely petition for rehearing en banc, noting the conflict between the panel's decision and decisions in the Eighth and Eleventh Circuits. *See Pinkham* v. *Camex, Inc.*, 84 F.3d 292 (8th Cir. 1996) (per curiam); *Artisan Contractors Ass'n of Am., Inc.* v. *Frontier Ins. Co.*, 275 F.3d 1038 (11th Cir. 2001) (per curiam). Petitioners also argued that the Ninth Circuit's rule is directly contrary to this Court's decisions in *Crawford Fitting*, *Casey*, and *Murphy*. In opposition, respondents acknowledged the "circuit split" on the availability of non-taxable costs under the Copyright Act, but urged the Ninth Circuit to follow circuit precedent. Resp. C.A. Br. in Opp. 1, 12, No. 16-16832, Dkt. 93 (Feb. 14, 2018). The Ninth Circuit denied rehearing. Pet. App. 36a–37a.

REASONS FOR GRANTING THE PETITION

Congress enacted a *uniform* rule for the costs available to prevailing parties under federal statutory fee-shifting provisions, but the federal courts are sharply divided on the scope of available costs in copyright cases. Congress authorized the recovery of only those "taxable" costs specified in Sections 1920 and 1821, but in the Ninth Circuit, an unbounded set of "non-taxable" costs is available, exemplified here by a $12 million award of expert witness fees, consulting fees, and other costs not permitted by statute. This is an important and recurring question, made more acute by the Ninth Circuit's large copyright litigation docket, and by the fact that the question presented often escapes appellate review. The Court should grant the petition, reverse the Ninth Circuit's judgment, and restore uniformity on this important issue.

I. THERE IS A DIRECT AND ACKNOWLEDGED CIRCUIT SPLIT ON THE SCOPE OF "FULL COSTS" UNDER THE COPYRIGHT ACT

The circuits are divided on the question whether the Copyright Act's allowance for the recovery of "full costs" (17 U.S.C. § 505) overrides Sections 1920 and 1821, which generally limit cost awards in federal courts to identified categories of "taxable" costs. This Court should grant review in order to resolve this circuit conflict. *See* S. Ct. R. 10(a).

In *Pinkham* v. *Camex, Inc.*, 84 F.3d 292 (8th Cir. 1996) (per curiam), the plaintiff cross-appealed the denial of an award of "expert witness fees" in a copyright case, which exceeded the $40-per-day witness attendance fee rate set forth in Sections 1920 and 1821. *Id.* at 295. Relying on this Court's decisions in *Crawford Fitting* and *Casey*, the Eighth Circuit held that the words "full costs" did not "'clearly,' 'explicitly,' or 'plainly,' evidence[] congressional intent to treat 17 U.S.C. § 505 costs differently from costs authorized in other statutes." *Ibid.* Accordingly, the court held that costs under the Copyright Act are limited to the categories "expressly identified" in Section 1920 and the accompanying rate limitations imposed by Section 1821. *Ibid.*

In *Artisan Contractors Ass'n of America, Inc.* v. *Frontier Insurance Co.*, 275 F.3d 1038 (11th Cir. 2001) (per curiam), the Eleventh Circuit also considered whether expert witness fees could be taxed above and beyond the amounts permitted as attendance fees in Sections 1920 and 1821. *Id.* at 1038. The court concluded that "Section 505 [of the Copyright Act] makes no clear reference to witness fees, nor otherwise evinces a clear congressional intent to supercede the limitations imposed" by Congress's comprehensive

cost-shifting regime. *Id.* at 1039–40. Thus, it held that non-taxable costs are not recoverable under the Copyright Act.

In contrast, the Ninth Circuit in *Twentieth Century Fox* upheld tens of thousands of dollars in non-taxable costs under the Copyright Act, determining that the lone word "full" in the Copyright Act was "clear evidence of congressional intent that non-taxable costs should be available." 429 F.3d at 885. To hold otherwise, the court reasoned, "would be to violate the long standing principle ... that statutes should not be construed to make surplusage of any provision," because "[c]onstruing § 505 as limiting the costs that may be awarded to any particular subset of taxable costs effectively reads the word 'full' out of the statute." *Ibid.* The court expressly rejected *Pinkham* and *Artisan Contractors*, concluding that there could be "no other import to the phrase 'full costs'" other than to override Sections 1920 and 1821. *Ibid.* The court of appeals here, bound by *Twentieth Century Fox*, affirmed an award of over $12 million in expert witness fees and other non-taxable costs.[2]

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[2] The Sixth Circuit has also affirmed an award of non-taxable costs under Section 505 of the Copyright Act (*see Coles* v. *Wonder*, 283 F.3d 798, 803 (6th Cir. 2002)), but did so "without discussion" or acknowledgment of the contrary decisions of the Eighth and Eleventh Circuits (*Twentieth Century Fox*, 429 F.3d at 885). The First and Seventh Circuits have acknowledged the issue, but have avoided directly ruling on it. *See InvesSys, Inc.* v. *McGraw-Hill Cos.*, 369 F.3d 16, 22–23 (1st Cir. 2004) (holding that electronic legal research is part of "attorneys' fees" under Section 505); *Susan Wakeen Doll Co.* v. *Ashton Drake Galleries*, 272 F.3d 441, 458 (7th Cir. 2001) (holding that district court "erred in awarding attorney's fees as 'costs' under 28 U.S.C. § 1920" in copyright case).

The circuits are thus clearly divided over this important issue. *See* 4 *Nimmer on Copyright* § 14.09, pp. 14-312 to 14-313 (acknowledging and describing split); 6 *Patry on Copyright* § 22:221 ("Courts are split on whether nontaxable costs (those not listed in section 1920) may be awarded under section 505.").

Numerous district courts have also noted the "circuit split on the issue of whether non-taxable fees are recoverable under [Section] 505." *BMG Rights Mgmt. (US) LLC* v. *Cox Commc'ns, Inc.*, 234 F. Supp. 3d 760, 778–79 (E.D. Va. 2017), *vacated on other grounds*, 881 F.3d 293 (4th Cir. 2018). Some federal district courts have sided with the Eighth and Eleventh Circuits.[3]

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[3] *See, e.g.*, *ME2 Prods., Inc.* v. *Ahmed*, 289 F. Supp. 3d 760, 766 n.2 (W.D. Va. 2018) ("Although circuit courts disagree over whether § 505 is broader than 28 U.S.C. § 1920, the court will exercise its discretion to limit costs in this matter to those recoverable under § 1920."); *Humphreys & Partners Architects, L.P.* v. *Lessard Design, Inc.*, 152 F. Supp. 3d 503, 524 (E.D. Va. 2015) ("[T]here is a circuit split on whether or not 'full costs' encompasses more than the costs recoverable pursuant to Sections 1821 and 1920.... The Eighth and Eleventh Circuit's [position] ... is persuasive."); *Tempest Publ'g, Inc.* v. *Hacienda Records & Recording Studio, Inc.*, 141 F. Supp. 3d 712, 723 (S.D. Tex. 2015) ("Given ... the weight of circuit authority resting against a broad reading of § 505, the court concludes that the costs taxable under § 505 are limited to those enumerated in § 1920."); *Healthcare Advocates, Inc.* v. *Harding*, 2007 WL 2684016, at *1 (E.D. Pa. Sept. 10, 2007) ("The term 'full costs' in this statute refers to those costs allowed pursuant to 28 U.S.C. § 1920."); *Arista Records LLC* v. *Gaines*, 635 F. Supp. 2d 414, 418 (E.D.N.C. 2009) ("The district court's discretion [to award costs under Section 505] is limited by 28 U.S.C. § 1920."); *Schiffer Publ'g, Ltd.* v. *Chronicle Books, LLC*, 2005 WL 1244923, at *15 (E.D. Pa. May 24, 2005) ("[T]he 'full costs' language of § 505 does not constitute clear, explicit, or plain evidence of congressional intent to treat 17 U.S.C. § 505 costs differently from costs authorized in other

Other district courts have opted to follow the Ninth Circuit.[4]

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statutes ... expert witness fees taxable as costs pursuant to § 505" are limited by Sections 1920 and 1821."); *Boisson* v. *Banian Ltd.*, 221 F.R.D. 378, 379 (E.D.N.Y. 2004) ("costs recoverable in a copyright action, are those recoverable pursuant to 28 U.S.C. § 1920"); *Barrera* v. *Brooklyn Music, Ltd.*, 346 F. Supp. 2d 400, 405 (S.D.N.Y. 2004) ("[T]he 'full costs' referred to in § 505 of the Copyright Act are commensurate with those costs allowed under 28 U.S.C. § 1920."); *U.S. Media Corp.* v. *Edde Entm't, Inc.*, 1999 WL 498216, at *7 (S.D.N.Y. July 14, 1999) ("The weight of authority indicates that the 'full costs' referred to in the Copyright Act are nothing more than the costs allowed under 28 U.S.C. § 1920."); *NLFC, Inc.* v. *Devcom Mid-Am., Inc.*, 916 F. Supp. 751, 764 (N.D. Ill. 1996) ("[F]or experts not appointed by the Court, the prevailing party may only recover the statutory amount prescribed in § 1821 and not any additional expert fees unless permitted by specific provision of a fee shifting statute."); *Data Gen. Corp.* v. *Grumman Sys. Support Corp.*, 825 F. Supp. 361, 367 (D. Mass. 1993), *aff'd and remanded*, 36 F.3d 1147 (1st Cir. 1994) ("The implication of [*Crawford* and *Casey*] is that 28 U.S.C. § 1920 defines the 'costs' that may be awarded under ... [Section] 505 of the Copyright Act.").

[4] *See, e.g.*, *Clear Skies Nev., LLC* v. *Hancock*, No. 1:15-cv-06708, Dkt. 113, at 7 (N.D. Ill. Dec. 5, 2017) ("The Court finds the reasoning of the Ninth Circuit persuasive and follows its holding that full expert witness costs are available to prevailing parties under § 505."); *Ronaldo Designer Jewelry, Inc.* v. *Prinzo*, 2017 WL 3588806, at *7 (S.D. Miss. Aug. 21, 2017); *Clarity Software, LLC* v. *Fin. Indep. Grp., LLC*, 2016 WL 3083383, at *7 (W.D. Pa. May 31, 2016) ("Section 505 authorizes the award of a broader sweep of costs to a prevailing party than does Section 1920."); *Guzman* v. *Hacienda Records, L.P.*, 2015 WL 5254067, at *3 (S.D. Tex. Sept. 9, 2015); *Eagle Servs. Corp.* v. *H2O Indus. Servs., Inc.*, 2012 WL 3255606, at *4 (N.D. Ind. Aug. 8, 2012) ("investigation, expert witnesses, mock trial," costs "are recoverable" under Section 505); *Compass Homes, Inc.* v. *Heritage Custom Homes, LLC*, 2015 WL 4639654, at *10 (S.D. Ohio Aug. 3, 2015).

Respondents have already acknowledged the "circuit split on [the] cost-award issue." Resp. C.A. Br. in Opp. 1, 12. To put it mildly, "[t]here is a lot of disagreement on this point." *Clarity Software*, 2016 WL 3083383, at *6. This Court should, therefore, grant review to decide whether the Copyright Act's allowance of "full costs" is limited to taxable costs (as most courts of appeals to have considered the issue hold) or also permits non-taxable costs (as the court below ruled).[5]

II. The Ninth Circuit's Decision Conflicts With This Court's Precedents And Is Wrong

The Ninth Circuit's decision is in conflict with this Court's settled precedent on the scope of Sections 1920

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[5] Several other statutes, like Section 505, permit the recovery of "full costs." *See* Semiconductor Chip Protection Act of 1984, 17 U.S.C. § 911(f) ("[T]he court in its discretion may allow the recovery of full costs, including reasonable attorneys' fees, to the prevailing party."); Judicial Code, 28 U.S.C. § 4001(g) ("[T]he court in its discretion may allow the recovery of full costs by or against any party and may also award a reasonable attorney's fee to the prevailing party as part of the costs."); Cable Communications Policy Act of 1984, 47 U.S.C. § 553(c)(2)(C) ("The court may ... direct the recovery of full costs, including awarding reasonable attorneys' fees to an aggrieved party who prevails."); Communications Act of 1934, 47 U.S.C. § 605(e)(3)(B)(iii) ("The court ... shall direct the recovery of full costs, including awarding reasonable attorneys' fees to an aggrieved party who prevails."). And district courts are split on whether non-taxable costs are recoverable under the Communications Act. *Compare, e.g.*, *Kingvision Pay-Per-View Ltd.* v. *Autar*, 426 F. Supp. 2d 59, 67 (E.D.N.Y. 2006), *with, e.g.*, *J & J Sports Prods., Inc.* v. *Argueta*, 2017 WL 628299, at *3 (W.D. Ark. Feb. 15, 2017), *and EchoStar Satellite Corp.* v. *NDS Grps. PLC*, 2009 WL 10675250, at *2 (C.D. Cal. July 17, 2009).

and 1821, and misinterprets the Copyright Act, warranting this Court's review. *See* S. Ct. R. 10(c).

1. The Ninth Circuit concluded that the single word "full" in "full costs" constituted "clear" and unambiguous "evidence of congressional intent" sufficient to override a centuries-old and comprehensive taxable costs regime. *Twentieth Century Fox*, 429 F.3d at 885. That conclusion cannot be reconciled with this Court's holdings and reasoning in *Crawford Fitting*, *Casey*, and *Murphy*.

In *Crawford Fitting*, the prevailing parties had submitted a bill of costs seeking tens of thousands of dollars of expert witness fees on the theory that Federal Rule of Civil Procedure 54(d) "granted [the district court] discretion to exceed the $30-per-day witness fee limit found in 28 U.S.C. § 1821(b)." 482 U.S. at 439.

This Court rejected that argument, holding that when "a prevailing party seeks reimbursement for fees paid to its own expert witnesses, a federal court is bound" by the limitations of Sections 1920 and 1821. 482 U.S. at 439. After examining the history of Congress's "comprehensive[] regulat[ion] [of] fees and the taxation of fees as costs in the federal courts," this Court laid down a simple and clear rule: Unless there is "plain evidence of congressional intent to supersede [Sections 1920 and 1821]," a court may not assess nontaxable costs, such as expert fees, against a losing party. *Id.* at 440, 445; *see also id.* at 445 ("We hold that absent explicit statutory or contractual authorization for the taxation of the expenses of a litigant's witness as costs, federal courts are bound by the limitations set out in 28 U.S.C. § 1821 and § 1920.").

This Court reiterated and applied this rule in *Casey*, where it considered "whether the term 'attorney's fee' in [42 U.S.C. § 1988] provides the 'explicit statutory authority' required by *Crawford Fitting*," or alternatively, whether such fees might be considered "part of the 'costs' allowed by § 1988." 499 U.S. at 87 & n.3. The answer to both questions was a resounding *no*.

The Court in *Casey* observed that Sections 1920 and 1821 "define *the full extent* of a federal court's power to shift litigation costs absent *express statutory authority to go further*." *Casey*, 499 U.S. at 86 (emphases added). Section 1988 did not contain any provision "referring explicitly" to categories of costs beyond Sections 1920 and 1821, unlike numerous statutes enacted "[i]n 1976, just over a week prior" to the version of Section 1988 in force at the time. *Id.* at 87–88. Those statutes, unlike Section 1988, expressly shifted expert fees. *Id.* at 88. The Court took this as powerful evidence that Congress knew how to provide for cost categories beyond those in Section 1920, thus rejecting the party's argument that it could recover these non-taxable costs. *Ibid.*

Murphy concerned whether the Individuals with Disabilities Education Act permits the recovery of expert fees when it provides that a court "may award reasonable attorneys' fees as part of the costs" to prevailing parents. 548 U.S. at 293–94. The Court held that "it does not." *Id.* at 294.

The Court again emphasized the *Crawford Fitting* rule: Under "*Crawford Fitting*[,] *no statute* will be construed as authorizing the taxation of witness fees as costs unless the statute refers explicitly to witness fees." 548 U.S. at 301 (emphasis added). "'[C]osts' is a term of art" that "obviously" refers to "the list set out

in 28 U.S.C. § 1920" and "§ 1821," both of which govern "the taxation of costs in federal court" and "strictly limit[]" recoveries of expenses such as witness fees. *Id.* at 297–98.

The inescapable teaching of *Murphy* is that under *Crawford Fitting* and *Casey*, "a cost- or fee-shifting provision will not be read to permit a prevailing party to recover expert fees without explicit statutory authority indicating that Congress intended *for that sort of fee-shifting*." 548 U.S. at 295 (emphasis added).

2. The Ninth Circuit's decision conflicts with this clear precedent because the phrase "full costs" in the Copyright Act does not explicitly provide for the "*sort of fee-shifting*" the Ninth Circuit endorsed here—nontaxable costs such as expert witness fees, jury consulting fees, electronic discovery costs, etc. *Murphy*, 548 U.S. at 295 (emphasis added).

Congress knows how to shift expert witness fees, and it has done so on many occasions. *See, e.g.*, 5 U.S.C. § 504(b)(1)(A) ("'fees and other expenses' includes the reasonable expenses of expert witnesses"); 15 U.S.C. § 2805(d)(1)(C) (providing for recovery of "reasonable attorney and expert witness fees"); 54 U.S.C. § 307105 (prevailing party may receive "attorney's fees, expert witness fees, and other costs of participating in the civil action, as the court considers reasonable."); 16 U.S.C. § 825q-1(b)(2) ("compensation for reasonable attorney's fees, expert witness fees, and other costs of intervening or participating in any proceeding"); 26 U.S.C. § 7430(c)(1)(A)–(B) ("The term 'reasonable litigation costs' includes ... reasonable court costs, and ... the reasonable expenses of expert witnesses in connection with a court proceeding...."). Indeed, Congress passed numerous statutes contemporaneously with the Copyright Act that *did*

expressly provide for the shifting of expert fees, but omitted such fee-shifting in the Copyright Act. *Compare Casey*, 499 U.S. at 87–88, *with* Pub. L. 94-559, 90 Stat. 2641 (Oct. 19, 1976) (42 U.S.C. § 1988), *and id.* § 101, 90 Stat. 2586 (17 U.S.C. § 505).

Congress also frequently uses different terminology, such as "expenses," when it intends to expand the scope of what is available under Sections 1920 and 1821. *Murphy*, 548 U.S. at 297. But here, Congress's invocation of the word "costs" is a "term of art" that "strongly suggests" that Section 505 of the Copyright Act "was not meant to be an open-ended provision" making parties "liable for all expenses incurred by prevailing" parties in copyright litigation. *Ibid.*

By authorizing "costs" in the Copyright Act, Congress authorized *taxable* costs, as specified in Sections 1920 and 1821—as *Murphy* recognizes. A prevailing party is thus entitled, in the district court's discretion, to its taxable costs; but courts have no discretion under the Copyright Act to award non-taxable costs.

3. There is nothing about the word "full" that expressly authorizes non-taxable costs. The Ninth Circuit concluded that "there can be no other import to the phrase 'full costs'" besides overriding Sections 1920 and 1821. *Twentieth Century Fox*, 429 F.3d at 885. That is wrong, as numerous courts have explained. *E.g.*, *Humphreys & Partners*, 152 F. Supp. 3d at 525; *see also BMG Rights Mgmt.*, 234 F. Supp. 3d at 779; *Under a Foot Plant, Co.* v. *Exterior Design, Inc.*, 2017 WL 3840260, at *4 (D. Md. Sept. 1, 2017) (dicta); *Fharmacy Records* v. *Nassar*, 729 F. Supp. 2d 865, 893 (E.D. Mich. 2010); *EMI Apr. Music, Inc.* v. *Garland Enters., LLC*, 2012 WL 2342994, at *3 (D. Md. June 19, 2012). "'[F]ull' has another possible, non-superfluous meaning"; it "refer[s] to *the degree of*

costs recoverable under §§ 1821 and 1920." *Humphreys & Partners*, 152 F. Supp. 3d at 525 (emphasis added).

The conclusion of the courts above is consistent with the longstanding historical meaning of the phrase "full costs" in federal copyright statutes. That phrase never meant, and does not today mean, "all categories of litigation expenses." Rather, "full costs" is little more than an indication that whatever "costs" are authorized as taxable under federal law, *those* costs are available in "full" at the discretion of the district court. In other words, no prevailing party in a copyright case is precluded from recovering its taxable costs. That reasoning, unlike the Ninth Circuit's, has a sterling historical pedigree.

Until the passage of the Fee Act of 1853, federal copyright cases were subject to the "state rules governing taxable costs." *Crawford Fitting*, 482 U.S. at 439; *see also Alyeska Pipeline*, 421 U.S. at 250. Congress first provided for "full costs" in 1831, when it revised the copyright statute to say that "in all recoveries under [the copyright statute,] ... *full costs* shall be allowed thereon, *any thing in any former act to the contrary notwithstanding*." Act of Feb. 3, 1831, ch. 16, § 12, 4 Stat. 436, 438–39 (emphases added). The reason for this language was that for a time, the circuit courts of the United States had original jurisdiction over copyright actions (*see* Act of Feb. 15, 1819, ch. 19, 3 Stat. 481, 481), which also meant that if a prevailing plaintiff recovered less than $500, exclusive of costs, he was barred from recovering his own costs and could also "be adjudged to *pay* costs" for the other side (Judiciary Act of 1789, ch. 20, § 20, 1 Stat. 73, 83). Thus, the "full costs" language did not expand the substan-

tive categories of costs available—which were governed by state law—but simply overrode the potential penalty when a plaintiff recovered less than $500 in damages.

As the House Report to the 1909 Act explained, "[t]he provision for full costs" was meant only to override the $500-threshold cost penalty. H.R. Rep. No. 2222, 60th Cong., 2d Sess. 19 (1909). And the phrase "full costs" was carried forward, unaltered, into the 1976 Copyright Act.[6] There is no evidence suggesting that "full costs" expanded the scope of available cost categories. Indeed, legislative history for the 1976 Act shows it was "merely an attempt to explicitly grant discretionary authority ... in connection with the award of costs" (*Stevens Linen Assocs.* v. *Mastercraft Corp.*, 1981 WL 1426, at *3 (S.D.N.Y. Feb. 17, 1981)), because under the 1909 Act, full costs were mandatory (*Fogerty* v. *Fantasy, Inc.*, 510 U.S. 517, 524 n.11

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[6] Congress used this "full costs" language in each iteration of the Copyright Act. *See, e.g.*, Copyright Act of 1870, ch. 230, § 108, 16 Stat. 198, 215; Copyright Act of 1909, Pub. L. No. 60-349, ch. 320, § 40, 35 Stat. 1075, 1084; 17 U.S.C. § 40 (1934); Act of July 30, 1947, ch. 391, § 116, 61 Stat. 652, 665; 17 U.S.C. § 116 (1958); *id.* § 116 (1970); Copyright Act of 1976, Pub. L. No. 94-553, § 505, 90 Stat. 2541, 2586. And like the Copyright Act, neither the text nor the legislative history of other statutes using the phrase "full costs" indicates that Congress was seeking to override Sections 1920 and 1821. *See* 17 U.S.C. § 911(f); 28 U.S.C. § 4001(g); 47 U.S.C. § 553(c)(2)(C); 47 U.S.C. § 605(e)(3)(B)(iii). If anything, the legislative history of 17 U.S.C. § 911(f) shows that a prior version of the bill had a broader phrase, "expenses of suit," which was then narrowed to "full costs." *Compare Copyright Protection for Semiconductor Chips: Hearing on H.R. 1028 Before the Subcomm. on Courts, Civil Liberties & the Admin. of Justice of the H. Comm. on the Judiciary*, 98th Cong. 169 (1983), *with* Murphy, 548 U.S. at 297 (contrasting "costs" and "expenses").

(1994); *see also* H.R. Rep. No. 94-1476, at 163 (1976) ("Under section 505 the awarding of costs and attorney's fees are left to the court's discretion."); S. Rep. No. 94-473 (1975) (same)). Congress's repeated use of the term of art, "costs," (as opposed to witness fees, expenses, or some other word) shows that it meant taxable costs throughout. *Murphy*, 548 U.S. at 297.

The Ninth Circuit's decision is in direct conflict with this Court's settled precedents and with the evident meaning of the Copyright Act.

III. National Uniformity On The Question Presented Is Exceptionally Important

The split among the courts of appeals disrupts "the uniformity Congress sought to achieve" under the Copyright Act (*Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1975 (2014)) and simultaneously undermines the very evils Congress expressly set out to eradicate with the passage of the Fee Act and its successor statutes, Sections 1920 and 1821 (*see also* David Nimmer, *Codifying Copyright Comprehensibly*, 51 U.C.L.A. L. Rev. 1233, 1286–88 & Tbl. A (2004) (labeling the "[c]osts and fees" provision of Section 505 as "nationally significant")). Exorbitant costs are awarded in the Ninth Circuit that are unavailable in other circuits—a particular problem, given the volume of copyright cases decided in the Ninth Circuit.

During 2017, there were over 3,700 cases invoking federal copyright law commenced in the federal district courts. *See Federal Judicial Caseload Statistics, 2017, U.S. Dist. Cts.—Civil Cases Commenced, by Basis of Jurisdiction and Nature of Suit,* Table C-2 at 4 (Mar. 31, 2017). The year before that, there were over 5,000 such cases. *Ibid.* And the district courts com-

prising the Ninth Circuit hear more intellectual property cases than the district courts of any other circuit in the country. *See Federal Judicial Caseload Statistics, 2017, U.S. Dist. Cts.—Civil Cases Commenced, by Nature of Suit and Dist.*, Table C-3 at 1–6 (Mar. 31, 2017).

Unsurprisingly, given the rule laid out in *Twentieth Century Fox*, courts in the Ninth Circuit routinely award non-taxable costs.[7] And it is not uncommon, as

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[7] *E.g.*, *Perfect 10, Inc.* v. *Giganews, Inc.*, 2015 WL 1746484, at *1 (C.D. Cal. Mar. 24, 2015), *aff'd*, 847 F.3d 657 (9th Cir. 2017); *Pringle* v. *Adams*, 2014 WL 3706826, at *7–8 (C.D. Cal. July 23, 2014); *Wyatt Tech. Corp.* v. *Malvern Instruments, Inc.*, 2010 WL 11404472, at *4–5 (C.D. Cal. June 17, 2010); *ExperExchange, Inc.* v. *Doculex, Inc.*, 2010 WL 1881484, at *1 (N.D. Cal. May 10, 2010); *Althouse* v. *Warner Bros. Entm't*, 2014 WL 12599798, at *4 (C.D. Cal. June 17, 2014); *Liguori* v. *Hansen*, 2017 WL 627219, at *14 (D. Nev. Feb. 15, 2017); *VMG Salsoul, LLC* v. *Ciccone*, 2014 WL 12585798, at *13 (C.D. Cal. Apr. 28, 2014); *Kourtis* v. *Cameron*, 358 F. App'x 863, 868 (9th Cir. 2009); *Lanard Toys Ltd.* v. *Novelty, Inc.*, 2008 WL 11333941, at *22 (C.D. Cal. Mar. 18, 2008); *Express LLC* v. *Forever 21*, 2010 WL 11512410, at *9 (C.D. Cal. Nov. 15, 2010); *Gilbert* v. *New Line Prods., Inc.*, 2010 WL 5790688, at *6 (C.D. Cal. Dec. 6, 2010), *aff'd in part, vacated in part, remanded*, 490 F. App'x 34 (9th Cir. 2012); *Paramount Pictures Corp.* v. *Int'l Media Films Inc.*, 2015 WL 12745843, at *10 (C.D. Cal. Feb. 18, 2015); *AAA Flag & Banner Mfg., Co.* v. *Flynn Signs & Graphics Inc.*, 2010 WL 11462990, at *4 (C.D. Cal. July 19, 2010); *Identity Arts* v. *Best Buy Enter. Servs. Inc.*, 2008 WL 820674, at *9 (N.D. Cal. Mar. 26, 2008); *Yue* v. *Storage Tech. Corp.*, 2008 WL 4185835, at *6 (N.D. Cal. Sept. 5, 2008); *Seoul Broad. Sys. Int'l, Inc.* v. *Korea Int'l Satellite Broad.*, 2009 WL 10672770, at *10 (C.D. Cal. June 19, 2009); *Atl. Recording Corp.* v. *Andersen*, 2008 WL 2536834, at *3 (D. Or. June 24, 2008); *Watermark Publishers* v. *High Tech. Sys. Inc.*, 1997 WL 717677, at *13 (S.D. Cal. June 18, 1997); *Righthaven LLC* v. *DiBiase*, 2011 WL 5101938, at *1 (D. Nev. Oct. 26, 2011); *Braddock* v. *Jolie*, 2013 WL 12130563, at *5 (C.D. Cal. June 7, 2013); *Gable* v. *NBC*,

this case demonstrates, for such awards to reach into the hundreds of thousands, millions, and even *tens of millions* of dollars. *E.g.*, Pet. App. 71a (awarding over $12 million in non-taxable costs); *Mattel, Inc.* v. *MGA Entm't, Inc.*, 2011 WL 3420603, at *9 (C.D. Cal. Aug. 4, 2011), *aff'd* 705 F.3d 1108 (9th Cir. 2013) (awarding $31,667,104 out of "approximately $40 million in costs" sought under Section 505).[8]

Litigants in other circuits, in contrast, do not stand to receive (or pay) such exorbitant cost awards in copyright cases. The judgment in this case is at least 17% higher because it was brought in the Ninth Circuit rather than in the Eighth or Eleventh, where prevailing parties are limited to non-taxable costs. One party should not receive a multi-million-dollar

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2010 WL 11506430, at *1 (C.D. Cal. Aug. 6, 2010); *Lewis* v. *Activision Blizzard, Inc.*, 2014 WL 4953770, at *5 (N.D. Cal. Sept. 25, 2014); *Symantec Corp.* v. *CD Micro, Inc.*, 2005 WL 1972563, at *5 (D. Or. Aug. 12, 2005); *Asset Vision, LLC* v. *Fielding*, 2014 WL 7186840, at *4 (D. Idaho Dec. 16, 2014); *DuckHole Inc.* v. *NBCUniversal Media LLC*, 2013 WL 5797204, at *6 (C.D. Cal. Oct. 25, 2013); *Berry* v. *Hawaiian Express Serv., Inc.*, 2006 WL 4102120, at *16–17 (D. Haw. Oct. 25, 2006); *Nat'l Comm'n for Certification of Crane Operators.* v. *Ventula*, 2010 WL 2179505, at *6 (D. Haw. Apr. 30, 2010); *Malibu Media, LLC* v. *Sianturi*, 2017 WL 3328082, at *8 (E.D. Cal. Aug. 4, 2017); *Wild* v. *NBC Universal*, 2011 WL 12877031, at *3 (C.D. Cal. July 18, 2011); *Niven* v. *Brewster*, 2012 WL 13005444, at *4 (C.D. Cal. Apr. 11, 2012); *WB Music Corp.* v. *S. Beach Rest., Inc.*, 2009 WL 5128510, at *1 (D. Ariz. Dec. 21, 2009).

[8] *See also, e.g.*, *Perfect 10*, 2015 WL 1746484, at *1 ($424,235.47); *Pringle*, 2014 WL 3706826, at *7–8 ($300,096.24); *Wyatt Tech.*, 2010 WL 11404472, at *4–5 ($79,611.61); *ExperExchange*, 2010 WL 1881484, at *1 ($58,509.47); *Althouse*, 2014 WL 12599798, at *4 ($57,739.38); *Liguori*, 2017 WL 627219, at *14 ($53,719.07); *VMG Salsoul*, 2014 WL 12585798, at *13 ($50,055.00).

windfall (and the other be forced to foot a large payout) solely based on the district in which suit is commenced.

This is *exactly* the problem Congress sought to remedy nearly 170 years ago. *See Alyeska Pipeline*, 421 U.S. at 247–50 & n.19; *Crawford Fitting*, 482 U.S. at 439; *Taniguchi*, 566 U.S. at 565. The Ninth Circuit's practice returns the federal courts to the days before the 1853 Fee Act, where "[o]ne system prevails in one district, and a totally different one in another." Cong. Globe App., 32d Cong., 2d Sess. app. 207. As a consequence, there are "flagrant abuses" and "exceedingly oppressive" fee awards being doled out in the Ninth Circuit, where parties can recover millions upon millions of dollars they cannot recover in other jurisdictions on the same claims.

What is more, the Ninth Circuit's rule substitutes its judgment for that of Congress as to how best to provide for costs in copyright litigation. The court of appeals is wrong as a matter of construction, *see supra* Part II, but its decision to cast aside Sections 1920 and 1821 necessarily trammels on the "separation of powers" as well by too easily concluding that one statute "displaces the other," without "a clearly expressed congressional intention," *Epic Sys. Corp.* v. *Lewis*, No. 16-285, slip op. 10 (U.S. May 21, 2018).

This Court should step in to restore Congress's intended regime and bring uniformity back to Copyright Act costs. *See Taylor* v. *United States*, 504 U.S. 991, 991 (1992) (White, J., dissenting from the denial of certiorari) ("One of the Court's duties is to do its best to see that the federal law is not being applied differently in the various circuits around the country.").

IV. This Case Is An Ideal Vehicle For Addressing A Question That Often Escapes Appellate Review

The important and frequently recurring question presented often evades appellate review, and thus this Court's ultimate review. It is, however, squarely presented here, making this case an ideal vehicle for this Court's resolution of the question.

Recoverable litigation costs are usually modest—as they should be. *See Taniguchi*, 566 U.S. at 573. In many cases that award may amount to only a few thousand dollars. Notably, this Court has granted certiorari to review awards of non-taxable costs under Section 1920 of only a few thousand dollars. *See* Pet. 6, *Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 2011 WL 2192279 (U.S.) (June 3, 2011) (non-taxable cost award of $5,517.20); *Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 564 U.S. 1066 (2011) (granting certiorari). Yet parties often do not appeal an award of costs simply because the cost of the appeal may outweigh the challenged cost award.

Even where the size of a non-taxable cost award independently justifies an appeal, the issue can still easily evade appellate review. Costs are, almost by definition, the *last* item raised on appeal, and, as a result, are often not decided by the courts of appeals. For instance, in a recent case in the Fourth Circuit, a party sought nearly $3 million in non-taxable costs under the Copyright Act. The district court denied the award, recounting the circuit split and siding with the Eighth and Eleventh Circuits. *BMG Rights Mgmt.*, 234 F. Supp. 3d at 779. The parties fully briefed the issue before the Fourth Circuit, but the court of appeals reversed on one of the primary issues on ap-

peal—an erroneous jury instruction—and did "not address the merits of [the fee and cost] awards." *BMG Rights Mgmt. (US) LLC* v. *Cox Commc'ns, Inc.*, 881 F.3d 293, 301 n.1 (4th Cir. 2018).

This case—cleanly presenting a *$12 million* nontaxable cost award—thus presents an ideal opportunity and vehicle for this Court to address the question presented, and to bring clarity to this important question that has divided the lower courts. The question presented is binary: Either the Copyright Act limits recoverable costs to taxable costs under Sections 1920 and 1821, or it does not. The issue was cleanly presented and decided in both the district court and the court of appeals. Both parties have acknowledged the circuit split on the issue. The panel below followed circuit precedent, and rehearing was denied; so only this Court's review can resolve the conflict. Such review is warranted now, in this case.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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May 31, 2018

APPENDIX

APPENDIX A

FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; ORACLE INTERNATIONAL CORPORATION, a California corporation, *Plaintiffs-Appellees,* v. RIMINI STREET, INC., a Nevada corporation; SETH RAVIN, an individual, *Defendants-Appellants.*	Nos. 16-16832 16-16905 D.C. No. 2:10-cv-00106-LRH-VCF OPINION

Appeals from the United States District Court
for the District of Nevada
Larry R. Hicks, District Judge, Presiding

Argued and Submitted July 13, 2017
San Francisco, California

Filed January 8, 2018

Before: Susan P. Graber and Michelle T. Friedland, Circuit Judges, and Jeremy D. Fogel,* District Judge.

Opinion by Judge Fogel

SUMMARY**

Copyright

The panel affirmed in part, reversed in part, and vacated in part the district court's judgment after a jury trial in favor of Oracle USA, Inc., on its copyright infringement and California and Nevada state law claims against Rimini Street, Inc., a provider of third-party support for Oracle's enterprise software, and Seth Ravin, Rimini's CEO.

Oracle licenses its software and also sells its licensees maintenance contracts. The maintenance work includes software updates. In order to compete effectively with Oracle's direct maintenance services, Rimini needed to provide software updates to its customers. With Oracle's knowledge, Rimini copied Oracle's copyrighted software in order to provide the updates. Rimini obtained software from Oracle's website with automated downloading tools in direct contravention of the terms of the website.

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* The Honorable Jeremy D. Fogel, United States District Judge for the Northern District of California, sitting by designation.

** This summary constitutes no part of the opinion of the court. It has been prepared by court staff for the convenience of the reader.

The panel affirmed the district court's partial summary judgment and partial judgment after trial on Oracle's claims that Rimini infringed its copyright by copying under the license of one customer for work performed for other existing customers or for unknown or future customers, rather than restricting such copying to work for that particular customer. The panel concluded that Rimini's activities were not permissible under the terms of the licenses Oracle granted to its customers. The panel rejected Rimini's argument that holding it accountable for its alleged conduct would condone misuse of Oracle's copyright.

The panel reversed the district court's judgment after trial with respect to Oracle's claims under the California Comprehensive Data Access and Fraud Act, the Nevada Computer Crimes Law, and California's Unfair Competition Law. The panel held that taking data from a website, using a method prohibited by the applicable terms of use, when the taking itself generally is permitted, does not violate the CDAFA or the NCCL. Accordingly, Rimini did not violate these computer abuse statutes by using automated tools to take data in direct contravention of Oracle's terms of use. Because the district court granted judgment in favor of Oracle on Oracle's Unfair Competition Law claim based on its finding that Rimini violated the CDAFA, the panel reversed the district court's determination that Rimini violated California's Unfair Competition Law.

The panel reduced the district court's award of damages by the amount based on Rimini's alleged violation of the CDAFA and NCCL. The panel affirmed the district court's award of prejudgment interest on the copyright claims.

The panel reversed the district court's permanent injunction based on alleged violations of the CDAFA. The panel vacated the district court's permanent injunction based on copyright infringement because the district court assessed the relevant factors by reference to both the copyright and the CDAFA claims, without considering separately the propriety of issuing an injunction as to the copyright claims alone.

The panel reversed the district court's judgment with respect to Ravin's liability for attorneys' fees. As to Rimini, the panel vacated the fee award and remanded for reconsideration in light of Oracle's more limited success at litigation in view of the panel's conclusion that there was no violation of the state computer laws.

The panel reduced the district court's award of taxable costs and affirmed its award of non-taxable costs.

COUNSEL

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Jamie Williams and Aileen Nguyen, San Francisco, California, as and for Amicus Curiae Electronic Frontier Foundation.

OPINION

FOGEL, District Judge:

Oracle USA, Inc. and related entities (collectively, "Oracle") licenses its proprietary enterprise software for a substantial one-time payment. Oracle also sells its licensees maintenance contracts for the software that are renewed on an annual basis. The maintenance work includes software updates, which Oracle makes available to purchasers of the contracts through its support website.

At all relevant times, Rimini Street, Inc. ("Rimini") provided third-party support for Oracle's enterprise software, in lawful competition with Oracle's direct maintenance services. But in order to compete effectively, Rimini also needed to provide software updates to its customers.[1] Creating these software updates inherently required copying Oracle's copyrighted software, which, unless allowed by license, would be copyright infringement. With Oracle's knowledge, Rimini in fact did copy the software to provide the updates. At least from late 2006 to early 2007, Rimini obtained software from Oracle's website with automated downloading tools in direct contravention of the terms of use of the website.

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[1] All of Rimini's customers pertinent to this dispute were licensees of Oracle's software, but not all licensees of Oracle's software are Rimini's customers. To avoid confusion, we will use the word "customers" to refer to the subset of Oracle's licensees who did contract or might contract with Rimini for the maintenance of Oracle's software.

Oracle filed suit against Rimini and Rimini's CEO, Seth Ravin ("Ravin"), in the District of Nevada in 2010. After lengthy and sometimes contentious discovery and motion practice, the district court granted partial summary judgment to Oracle on certain aspects of Oracle's copyright infringement claim, and a jury found in favor of Oracle on others after trial. The jury also found against both Rimini and Ravin with respect to Oracle's claims under the California Comprehensive Data Access and Fraud Act ("CDAFA") and the Nevada Computer Crimes Law ("NCCL") (collectively, the "state computer laws"). Based on the jury's determination with respect to the CDAFA claim, the district court entered judgment against Rimini and Ravin under California's Unfair Competition Law ("UCL"). The jury awarded damages in the sum of $50,027,000 which, when prejudgment interest, attorneys' fees and costs were added, resulted in a total monetary judgment of $124,291,396.82. The district court also issued an extensive permanent injunction. Rimini subsequently filed this timely appeal. The Electronic Frontier Foundation ("EFF") has filed an amicus brief with respect to the state computer law claims.

The first principal dispute in this case is whether Rimini copied Oracle's software in a manner that infringed Oracle's copyright. It is undisputed that Rimini used Oracle's software to develop and test updates for its customers and that the software licenses, with certain restrictions, permitted Oracle's licensees to hire Rimini to perform such work for them. There are numerous subtleties involved but, at the highest level of generality, Rimini's alleged copyright infringement included copying under the license of one customer for work for other existing customers or for unknown or future customers, rather

than restricting such copying to work for that particular customer. The second principal dispute is whether Rimini and Ravin violated applicable state laws intended to prevent computer-based fraud by flouting Oracle's restrictions against the use of automated tools to download software from its website. We also consider the appropriateness of the remedies awarded by the district court.

As explained below, we affirm the judgment with respect to the copyright infringement claims. We also affirm the remedies with respect to those claims, except that we vacate the injunction and the award of attorneys' fees and remand for reconsideration in light of this opinion. We modify the district court's award of taxable costs as the parties have agreed. We reverse the judgment with respect to Oracle's claims under the state computer laws and the UCL.

I. Copyright Infringement Claims

A. The Software in Suit[2]

Four software products are at issue: J.D. Edwards, Siebel, PeopleSoft, and Database. The products are related, but they do not perform identical functions. As the district court explained:

> Oracle's Enterprise Software platforms have both an installed database component and an installed application component. The database component provides a foundation for the application software which then uses, stores, and

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[2] The district court specifically distinguished between Oracle's copyright in software and Oracle's copyright in the software documentation. Rimini does not appeal the jury's determination that Rimini infringed the documentation copyright.

> retrieves data in the database for use across an entire organization. Oracle's Enterprise Software application programs— including its PeopleSoft, J.D. Edwards, and Siebel-branded products—are run on Oracle's Relational Database Management Software ("Oracle Database") as the database component for the programs.

Oracle USA, Inc. v. Rimini St., Inc., 6 F. Supp. 3d 1108, 1113 (D. Nev. 2014) ("*Oracle II*"). J.D. Edwards, Siebel, and PeopleSoft were acquired by Oracle from other companies, while Oracle developed Database internally.

Because of this history and because of the technical differences among them, the licensing terms of the four products are not identical. We first address J.D. Edwards and Siebel. We next turn to PeopleSoft and, finally, to Database.

B. J.D. Edwards and Siebel

Oracle's claims as to the J.D. Edwards and Siebel software were submitted to the jury. Rimini appeals the district court's denial of its motion for judgment as a matter of law following the jury's verdict. "We review de novo the district court's denial of a motion for judgment as a matter of law. A renewed motion for judgment as a matter of law is properly granted only 'if the evidence, construed in the light most favorable to the nonmoving party, permits only one reasonable conclusion, and that conclusion is contrary to the jury's verdict." *Castro v. Cty. of Los Angeles*, 833 F.3d 1060, 1066 (9th Cir. 2016) (en banc) (citations omitted) (quoting *Pavao v. Pagay*, 307 F.3d 915, 918 (9th Cir. 2002)) (internal quotation mark omit-

ted), *cert. denied*, 137 S. Ct. 831 (2017). "A jury's verdict must be upheld if it is supported by substantial evidence, which is evidence adequate to support the jury's conclusion, even if it is also possible to draw a contrary conclusion." *Id.* (quoting *Pavao*, 307 F.3d at 918) (internal quotation marks omitted).

Rimini challenges the jury's finding of copyright infringement with respect to these products on two grounds. First, it argues that its activities were permissible under the terms of the licenses Oracle granted to its customers. Second, it contends that holding it accountable for its alleged conduct would condone copyright misuse. Neither of these arguments is persuasive.

1. Express License Defense

As will be explained in further detail, there is no dispute that, absent an applicable license, Rimini's accused acts violated the exclusive right Oracle enjoys as owner of the software copyright to copy or to modify the software. Rimini asserts as an affirmative defense that its accused acts were expressly licensed.

The Supreme Court has explained the express license defense as follows:

> "Anyone who violates any of the exclusive rights of the copyright owner," that is, anyone who trespasses into his exclusive domain by using or authorizing the use of the copyrighted work in one of the five ways set forth in the statute, "is an infringer of the copyright." Conversely, anyone who is authorized by the copyright owner to use the copyrighted work in a way specified in the

> statute . . . is not an infringer of the copyright with respect to such use."

Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 433 (1984) (quoting 17 U.S.C. § 501(a)). Thus, "[t]he existence of a license creates an affirmative defense to a claim of copyright infringement." *Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d 1110, 1114 (9th Cir. 2000). However, "[w]hen a licensee exceeds the scope of the license granted by the copyright holder, the licensee is liable for infringement." *LGS Architects, Inc. v. Concordia Homes of Nev.*, 434 F.3d 1150, 1156 (9th Cir. 2006).

As Rimini itself did not have a license to copy or to modify from Oracle, the success of Rimini's affirmative defense turns on whether Rimini's accused acts came within the scope of licenses held by its customers.

a) Software Licenses

The pertinent provisions of the J.D. Edwards and Siebel licenses are excerpted below:

J.D. Edwards	"Customer shall not, or cause anyone else to . . . (iii) copy the Documentation or Software except to the extent necessary for Customer's archival needs and to support the Users."
Siebel	"Customer" may "reproduce, exactly as provided by [Oracle], a reasonable number of copies of the Programs and the Ancillary Programs solely for archive or emergency back-up purposes or disaster recovery and related testing."

Like the language of the licenses themselves, the district court's constructions of the two licenses when instructing the jury were similar.

The district court told the jury that it was permissible for Rimini, as a third-party, to make copies of the Oracle software to support its customers by archiving, backup, and related testing. At the same time, the district court instructed that the licenses "do[] not mean that a third party like Rimini Street is authorized to make copies of the . . . software application . . . to use the customer's software . . . to support other customers."

b) Accused Acts

(1) Background

Work produced by humans is rarely if ever perfect, and computer software is no exception. Even casual users of computers are familiar with regular software patches and updates intended to correct glitches and to modify software in light of changing circumstances.

However, unlike the off-the-shelf consumer software used by individuals in everyday life, enterprise software employed by large organizations is customized around the organizations' specific needs. While producers of consumer software generally design updates around standard use cases and make them available for end users to download and install directly, updates to enterprise software must be tested and modified to fit with bespoke customizations before being put to actual use.

This testing process requires the creation of "development environments." A "development environment," sometimes called a "sandbox," is distinct from

a "production environment," which is the "live" version of the software that members of the enterprise ultimately deploy. As the district court explained:

> In order to develop and test software updates for Enterprise Software, support service providers . . . create development environments of the software. A development environment is a software environment that contains a copy of the software program which is then modified to develop and test software updates. Given the critical nature of Enterprise Software programs, updates to the software must be fully tested and verified in a development environment before they are provided to a customer.

Oracle USA, Inc. v. Rimini St., Inc., 6 F. Supp. 3d 1086, 1092 n.4 (D. Nev. 2014) (*"Oracle I"*).

In other words, the very work of maintaining customized software requires copying the software, which without a license to do so is a violation of the exclusive right of the copyright owner. Here, it is undisputed that the licenses generally permit Oracle's licensees to maintain the software and make development environments for themselves. However, some licensees of the software, lacking either the capability or the interest, opt to outsource the work of maintenance to others, such as Rimini or even Oracle itself.

(2) "Direct Use" and "Cross Use"

Oracle alleges that Rimini engaged in two distinct types of copyright infringement with respect to J.D. Edwards and Siebel. The first has to do with the way it created development environments, under col-

or of a license held by these particular, identifiable customers of Rimini, for that specific customer. We refer to this as "direct use."

The second is "cross use."[3] "Cross use," generally speaking, is the creation of development environments, under color of a license of one customer, to support *other* customers. There are numerous forms of "cross use." In its narrowest form, "cross use" is the making of development environments, under color of a license held by one identifiable customer of Rimini, for another identifiable customer of Rimini that also holds a license. It also may include the creation of development environments under a given license for other customers of Rimini that may themselves hold licenses or even for licensees who have yet to become customers of Rimini. Rimini claims that "cross use" is not infringement, arguing that it may create environments without restriction because any organization that might hire Rimini to service its software would itself have a license to create development environments. Rimini's counsel explained at oral argument that "cross use" enabled it to reduce expense by reusing work it had done for one customer in providing service to others.

c) Analysis

Rimini argues on appeal that the jury instructions were erroneous because they suggested that

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[3] Rimini offered this description of its "cross use" in its closing statement to the jury: "If we have multiple clients with the exact same release, the same rights, we would come up with one fix and then apply it to other customers that had the exact same rights. That's the cross-use, the reusing of updates that you've heard about in this case."

certain direct uses and cross uses were prohibited while Rimini believes they were permitted.

With respect to "direct use," we may dispose quickly of Rimini's claim that the district court construed "direct use" out of the licenses. Rimini successfully persuaded the district court to include the language, "to support the customer's use," in its jury instruction about the J.D. Edwards license. The instruction concerning Siebel told the jury specifically that Rimini could hold copies of the Siebel software application "solely for customer's archive or emergency back-up purposes or disaster recovery and related testing." Rimini did not object to that instruction at trial, and, contrary to Rimini's arguments on appeal, those instructions treated these forms of direct use as permitted.

Rimini also argues, however, that the instructions should have approved expressly of other forms of direct use. The district court had no reason or need to instruct the jury that the licenses permitted other types of direct use, because, as the district court's order shows, Rimini had represented that the only forms of direct use it engaged in were those allowed by the instruction:

> Rimini has proffered evidence that the development environments associated with [specific Siebel licensee] are used exclusively for archival and back-up purposes, and related testing, as directly contemplated by [the license].

Oracle I, 6 F. Supp. 3d at 1105 n.20; *see also id.* at 1103 (similar findings concerning J.D. Edwards). Had Rimini wanted a broader construction, Rimini should have said so in district court. Having failed to

do that, Rimini cannot complain that the jury found that Rimini's direct use with respect to J.D. Edwards and Siebel exceeded the scope of the licenses.

With respect to "cross use," Rimini's assertion—made for the first time in its reply brief to us—that "cross use" is a contractual rather than a copyright issue is not properly before us. The principal case on which Rimini relies, *MDY Industries, LLC v. Blizzard Entertainment, Inc.*, 629 F.3d 928 (9th Cir. 2011), was not cited in Rimini's opening brief, and "on appeal, arguments not raised by a party in its opening brief are deemed waived," *Smith v. Marsh*, 194 F.3d 1045, 1052 (9th Cir. 1999).[4]

As to the substance of its position, Rimini argues that, contrary to the jury instructions, the licenses in fact permit "cross use." It observes that: 1) each of Rimini's customers had its own license; 2) each license permits copies to be made for archival and support purposes; 3) the licenses authorize the customers to outsource the archival and support work to third parties; and 4) such archival and support work includes the creation of development environments. Rimini dismisses evidence showing that it created development environments for future customers using the license of an existing customer on the basis that future customers presumably would have licenses that would permit them to hire Rimini to create development environments.

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[4] Even if we were to consider the applicability of *MDY Industries*, that case teaches specifically the distinction between "conditions," "the breach of which constitute copyright infringement," and "covenants," "the breach of which is actionable only under contract law." 629 F.3d at 939. Rimini has offered no analysis as to which terms of the licenses at issue are "conditions" and which are "covenants."

Oracle properly responds that each of the licenses at issue here "pointedly limits copying and use to supporting the '*Licensee*.'" The licenses do not authorize Rimini to "develop products *Rimini* could sell for *Rimini's* financial gain." Any work that Rimini performs under color of a license held by a customer for other existing customers cannot be considered work in support of that particular customer. The same logic applies to work Rimini performs for unknown, future customers. The licensees may hire a third party such as Rimini to maintain their software for them, but nothing in the licenses permits them to grant a nonparty to the license a general right to copy proprietary software.

2. Copyright Misuse

We turn next to the question of copyright misuse, which Rimini asserts as a defense. The copyright misuse doctrine prevents holders of copyrights "from leveraging their limited monopoly to allow them control of areas outside the monopoly." *Apple Inc. v. Psystar Corp.*, 658 F.3d 1150, 1157 (9th Cir. 2011). (quoting *A&M Records v. Napster, Inc.*, 239 F.3d 1004, 1026 (9th Cir. 2001)) (internal quotation marks omitted). To that end, while it "does prevent copyright holders from using the conditions to stifle competition," "[t]he copyright misuse doctrine does not prohibit using conditions to control use of copyrighted material." *Id.* at 1159. Accordingly, the doctrine is to be "applied . . . sparingly"; specifically, it operates when copyright holders attempt to impose license agreements that would "prevent[] . . . licensee[s] from using *any other competing product*." *Id.* at 1157 (emphasis added).

Rimini claims that holding it liable for copyright infringement would condone misuse of Oracle's copyright. In Rimini's view, the district court's pretrial construction of the licensing terms, as embodied in the jury instructions, "would foreclose competition in the aftermarket for third-party maintenance" because it would limit copies made by third parties to those made only for archival and emergency backup purposes and because the software could not be serviced simply by making exact copies. Oracle counters that the licenses "plainly do not preclude third parties from developing competing software or providing competing support services," but instead "require third parties to do so in ways that do not disregard Oracle's exclusive rights under copyright law."

We agree with Oracle. The district court did not construe the licenses to permit only archival and emergency backup purposes. For example, the jury instructions as to J.D. Edwards stated specifically:

> If you find that the copies of the J.D. Edwards software application . . . housed on Rimini Street's servers were used solely for the customer's archival needs and *to support the customer's use*, then that use is authorized by the J.D. Edwards software license agreement . . . .

The district court gave similar instructions as to Siebel. ("[Y]ou are informed that the court has ruled as a matter of law that the Siebel software license agreements authorized . . . Rimini Street to make a reasonable number of copies . . . solely for the customer's archive or emergency back-up purposes or disaster recovery *and related testing*." (emphasis added)). These constructions would not preclude Ri-

mini from creating development environments for a licensee for various purposes *after* that licensee has become a customer of Rimini.

The only remaining question is whether it would be copyright misuse to forbid Rimini from creating development environments for licensees *before* they have become customers or, in other words, whether it would contravene the policy of the Copyright Act to allow Oracle, as a copyright holder, to have a head start in making copies. The Supreme Court has held that "the right of first publication" is "an important marketable subsidiary right." *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 549 (1985). Just as a copyright holder has the "right of first publication," it also must enjoy the right of "first copy." Giving a head start to Oracle in creating development environments is entirely consistent with the Supreme Court's teaching in *Harper*.

C. PeopleSoft

The district court granted summary judgment on Oracle's copyright claim with respect to PeopleSoft. "This Court reviews a district court's grant of summary judgment de novo. The Court must 'determine whether, viewing the evidence in the light most favorable to the nonmoving party, there are any genuine issues of material fact and whether the district court correctly applied the relevant substantive law.'" *Mitchell v. Washington*, 818 F.3d 436, 441–42 (9th Cir. 2016) (quoting *Lopez v. Smith*, 203 F.3d 1122, 1131 (9th Cir. 2000) (en banc)).

Rimini again asserts an express license defense and contends that it would be copyright misuse to hold it liable for infringement. Again, its arguments are without merit.

1. Express License Defense

The PeopleSoft license is similar to its J.D. Edwards and Siebel counterparts, but it contains an additional limitation about "[the licensee's] facilities":

PeopleSoft[5]	"Licensee may . . . make a reasonable number of copies of the Software, solely for: (i) use in accordance with the terms set forth herein . . . ; (ii) archive or emergency back-up purposes; and/or (iii) disaster recovery testing purposes[.]" "PeopleSoft grants Licensee a . . . license to use the licensed Software, solely for Licensee's internal data processing operations at its facilities[.]"

Based on this limitation, the district court construed the PeopleSoft license more restrictively than the J.D. Edwards and Siebel licenses. Specifically, it stated that "[the PeopleSoft license] expressly limits copying the licensed software to only the [licensee's] facilities." *Oracle I*, 6 F. Supp. at 1097 (emphasis omitted).

Because of the difference in the construction of the pertinent licenses, the nature of Oracle's claim concerning PeopleSoft is somewhat different in char-

[5] Two different PeopleSoft licenses are at issue here, one belonging to the City of Flint and the other to the Pittsburgh Public Schools. The district court concluded that the two licenses have "similar" language. *Oracle I*, 6 F. Supp. 3d at 1100. On appeal, the parties make no distinction between the two licenses; the language discussed here is drawn from the license held by the City of Flint.

acter from those concerning J.D. Edwards and Siebel. Specifically, the accused act concerning PeopleSoft is the creation of development environments, whether for "direct use" or "cross use," on Rimini's own computers, as opposed to the licensees' computers. Rimini describes this practice as "local hosting," a term that we adopt in this opinion. Rimini asserts that it does this to avoid transmission delays.

In the words of the district court, "it is undisputed that Rimini made copies of the licensed software at its own facilities and *outside the control* of the [customers]." *Id.* at 1101 (emphasis added). The district court concluded that the PeopleSoft licenses of Rimini's customers "do[] not authorize Rimini's offsite copies of the licensed software," and therefore granted summary judgment to Oracle on the copyright infringement claims as to PeopleSoft. *Id.* at 1097.

On appeal, Rimini contends that "[a licensee's] facilities" can span Rimini's own servers. In its words:

> Sophisticated companies like Oracle's customers (and Rimini's clients) do not keep all their servers on the actual premises of their principal place of business . . . . They may own some, lease others, and contract with third parties for still more capacity. All are encompassed within the plain meaning of "facilities."

We agree with Oracle that "facilities under the control of a third party" could not qualify as "the *licensee*'s facilities." It was not only sensible but also necessary for the district court to read a requirement

of "control" into the definition of "[a licensee's] facilities." The record supports the district court's conclusion that the Rimini servers where the copying took place were "outside the control of the [customers]." *Id.* at 1101. Indeed, Rimini made no showing that its customers had even constructive control of the servers.[6]

2. Copyright Misuse

As just explained, the district court concluded that Rimini infringed the PeopleSoft copyright by "local hosting," that is, by maintaining copies of PeopleSoft on its own computers as opposed to its customers' computers. *Oracle I*, 6 F. Supp. 3d at 1097. Rimini offers no argument as to why a restriction on the location of copies would stifle competition and run afoul of the copyright misuse doctrine. *Id.* Rimini's inability to "local host" may result in inconvenience and expense on its part, but that restriction on its conduct does not amount to copyright misuse. Indeed, at oral argument, Rimini admitted that the restriction against "local hosting" was one it could overcome.

D. Database

The district court also granted summary judgment for Oracle on the Database copyright infringement claim. It was undisputed that Rimini copied Oracle's copyright protected software when it built development, or non-production, environments for a number of Rimini customers using Oracle Database.

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[6] Because we address the question of infringement as to PeopleSoft on the narrow ground of "local hosting," we do not decide whether "direct use" or "cross use" was permitted by the PeopleSoft license.

Rimini's arguments on appeal with respect to Database are the same as those with respect to the other software at issue, except that here Rimini contends that its acts in fact were authorized by the Oracle License and Service Agreements ("OLSAs"). Oracle properly points out that Rimini has waived this point because it has failed to challenge the district court's legal conclusion that Rimini was not entitled to assert the OLSAs as a defense. Accordingly, we affirm the district court's determination of copyright infringement as to Database.

II. State Computer Law Claims

A. The CDAFA and the NCCL

The CDAFA is California's computer abuse law. It states, in relevant part, that:

> any person who commits any of the following acts is guilty of a public offense:
>
> . . . .
>
> (2) Knowingly accesses and without permission takes, copies, or makes use of any data from a computer, computer system, or computer network, or takes or copies any supporting documentation, whether existing or residing internal or external to a computer, computer system, or computer network.
>
> (3) Knowingly and without permission uses or causes to be used computer services.

CAL. PENAL CODE § 502(c). It provides a cause of action to "the owner or lessee of the computer, computer system, computer network, computer program, or

data who suffers damage or loss by reason of a violation." *Id.* § 502(e)(1).

The NCCL is Nevada's counterpart to the CDAFA. In relevant part, it provides that "a person who knowingly, willfully and without authorization: (a) Modifies; (b) Damages; (c) Destroys; (d) Discloses; (e) Uses; (f) Transfers; (g) Conceals; (h) Takes; (i) Retains possession of; (j) Copies; (k) Obtains or attempts to obtain access to, permits access to or causes to be accessed; or (l) Enters data, a program or any supporting documents which exist inside or outside a computer, system or network" or "who knowingly, willfully and without authorization: (a) Destroys; (b) Damages; (c) Takes; (d) Alters; (e) Transfers; (f) Discloses; (g) Conceals; (h) Copies; (i) Uses; (j) Retains possession of; or (k) Obtains or attempts to obtain access to, permits access to or causes to be accessed, a computer, system or network" is guilty of a misdemeanor. NEV. REV. STAT. § 205.4761(1), (3). The NCCL also provides a civil cause of action to "[a]ny victim of [such a misdemeanor]." *Id.* § 205.511(1).

B. Accused Acts

The ultimate question as to whether Rimini and Ravin (referred to collectively in this section as "Rimini") violated the state computer laws by downloading content from Oracle's website was submitted to the jury, which found in favor of Oracle. In denying Rimini's renewed motion for judgment as a matter of law, the district court observed that Oracle had for some time "encouraged its customers to use automated downloading tools as a means to obtain" large numbers of customer support files in a timely manner. *Oracle USA, Inc. v. Rimini St., Inc.*, 191 F. Supp. 3d 1134, 1139 (D. Nev. 2016) ("*Oracle III*").

Rimini had been doing just that when, "in response to an increased volume of mass downloads through the use of automated tools, and other server and database pressures, Oracle America changed its website's Terms of Use to specifically prohibit the use of 'any software routines commonly known as robots, spiders, scrapers, or any other automated means to access [the site] or any other Oracle accounts, systems or networks,' a change which "prohibited the use of previously allowed automated downloading tools." *Id.* at 1139–40 (alteration in original). The evidence showed that, in response, Rimini stopped using automatic downloading tools for about a year but then "began reusing automated tools on the website in violation of the Terms of Use (terms which it had to specifically agree to when logging on to the website) in order to download full libraries of support documents and files for entire software products lines—each involving hundreds of thousands of different files." *Id.* at 1140.

C. Positions of the Parties

Rimini and EFF contend that the statutory language "without permission" should not be read in a way that criminalizes violation of a website's terms of use. As EFF puts it, "[n]either statute . . . applies to bare violations of a website's terms of use—such as when a computer user has permission *and* authorization to access *and* use the computer or data at issue, but simply accesses or uses the information in a manner the website owner does not like."

Oracle, on the other hand, urges us to read the state statutes as not requiring unauthorized access for a violation, which appears to be how the district court construed them. *See id.* at 1143–44 (holding that Rimini's "claim that they had permission from

their clients to access Oracle['s] . . . website is irrelevant" under the state statutes).

D. Analysis

We review the denial of Rimini's motion for judgment as a matter of law de novo. *Castro v. Cty. of Los Angeles*, 833 F.3d 1060, 1066 (9th Cir. 2016) (en banc).

The district court treated the two statutes as essentially identical, and for purposes of this appeal, we will take the CDAFA as representative. As the district court observed, "[w]hile the case law on the NCCL is limited, the statute covers the same conduct as the CDAFA and the same legal reasoning should apply." *Oracle III*, 191 F. Supp. 3d at 1144. The parties appear to agree with this approach; indeed, their arguments about liability do not differentiate between the two statutory schemes.

Here, there is no question that Rimini "t[ook]" and "m[ade] use of" "data." *See Oracle III*, 191 F. Supp. 3d at 1143 ("Nor do defendants contest that they took and subsequently used data from the website . . . ."). Nor is there any dispute that Oracle permitted some degree of access and taking from its website. *Id.* at 1139–40. ("[Oracle America] owns and operates a website that . . . contains millions of technical support files . . . . [T]his online database was accessible through a website that required both the customer's unique [login] and acceptance of the website's specific Terms of Use." (footnote omitted)). The central issue here is whether, by using automated tools to take data in direct contravention of Oracle's terms of use, Rimini violated the statutes.

We hold that taking data using *a method* prohibited by the applicable terms of use, when the taking

itself generally is permitted, does not violate the CDAFA. Because the same reasoning applies to the NCCL claim, we reverse the judgment as to both claims.

Oracle obviously disapproved of the method—automated downloading—by which Rimini took Oracle's proprietary information. But the key to the state statutes is whether Rimini was authorized in the first instance to take and use the information that it downloaded. *See United States v. Christensen*, 828 F.3d 763, 789 (9th Cir. 2015) (emphasis added) ("A plain reading of the [CDAFA] demonstrates that *its focus is on unauthorized taking or use of information.*").

Because it indisputably had such authorization, at least at the time it took the data in the first instance, Rimini did not violate the state statutes. This result is consistent with our decision in *Facebook, Inc. v. Power Ventures, Inc.*, 844 F.3d 1058, 1069 (9th Cir. 2016), *cert. denied*, 138 S. Ct. 313 (2017) (affirming the district court's holding that the defendant violated the CDAFA on the ground that the defendant "*without permission* took, copied, and made use of [the downloaded] data" (emphasis added)).

III. Violation of California's Unfair Competition Law

A violation of California's UCL occurs where there is a predicate offense, one of which is a violation of the CDAFA. CAL. BUS. & PROF. CODE § 17200. The district court granted judgment in favor of Oracle on its UCL claim based on its finding that Rimini and Ravin had violated the CDAFA. Because we reverse as to the CDAFA claim, we also reverse the district court's determination that Rimini and Ravin violated the UCL.

IV. Damages[7]

The jury awarded a total of $14,427,000 to two Oracle subsidiaries based on Rimini's alleged violation of the CDAFA and NCCL. Because we have concluded that Rimini did not violate those laws, we reduce damages by this amount.

V. Prejudgment Interest

We review a district court's decision to award prejudgment interest for abuse of discretion. *Barnard v. Theobald*, 721 F.3d 1069, 1075 (9th Cir. 2013). We also review the rate used by the district court to calculate the prejudgment interest for abuse of discretion. *Blankenship v. Liberty Life Assurance Co. of Bos.*, 486 F.3d 620, 628 (9th Cir. 2007).

The district court awarded $22,491,636.16 in prejudgment interest on the copyright claims and $5,279,060.12 in prejudgment interest on the NCCL claims. Because we have concluded that Rimini did not violate the NCCL, we reverse as to the latter amount. For the reasons discussed below, we affirm as to the former.

We have held that "[g]enerally, 'the interest rate prescribed for post-judgment interest under 28 U.S.C. § 1961 is appropriate for fixing the rate of prejudgment interest unless the trial judge finds, on substantial evidence, that the equities of that particular case require a different rate.'" *Blankenship*, 486 F.3d at 628 (quoting *Grosz-Salomon v. Paul Revere Life Ins. Co.*, 237 F.3d 1154, 1164 (9th Cir. 2001)).

The district court calculated its award of $22,491,636.16 based upon the Treasury rate on the

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[7] Rimini does not challenge the amount of the jury's award of $35,600,000 in damages for copyright infringement.

date infringement began, that is, 5.07% in October 2006, rather than on the "starting point" set forth in 28 U.S.C. § 1961, that is, 0.61% in October 2016. The district court explained its deviation from the normal rate, which resulted in a difference of approximately $20,000,000, as follows:

> [T]he court finds that there is good cause to set the prejudgment interest rate at the Treasury rate on the date infringement began, rather than at the time of judgment. The court makes this finding because of the nature of the jury's award of hypothetical license damages. As the jury awarded damages to Oracle in an amount it would have received from Rimini for licensing Oracle's software at the time it began infringing Oracle's copyrights in late 2006, the court finds that this is the relevant time period for prejudgment interest. After this date, when Rimini began infringing Oracle's copyrights, Oracle lost out on the licensing fees it would have received, absent infringement. It is not equitable in the court's view to allow defendants to reap a windfall by the lower interest rates that are now available simply because they engaged in discovery delays and other litigation tactics (addressed more thoroughly in Oracle's motion for attorneys' fees) that kept this action in litigation for several years. Therefore, the court shall . . . set the appropriate rate for prejudgment interest under the Copyright Act as the weekly average one-year constant ma-

> turity Treasury yield at the start of the infringement.

Despite these specific findings, Rimini asserts that the district court failed to make the "exceptional case" determination that would permit it to depart from the presumptive rate set forth in 28 U.S.C. § 1961. It contends that the district court may not set the interest rate based on a defendant's bad behavior, citing our holding in *Dishman v. UNUM Life Insurance Co. of America* for the proposition that, "[a]lthough a defendant's bad faith conduct may influence whether a court awards prejudgment interest, it should not influence the rate of the interest." 269 F.3d 974, 988 (9th Cir. 2001). Rimini also asserts that the 0.61% adequately represents market rates and fully compensates Oracle's loss.

It is true that "prejudgment interest is an element of compensation, not a penalty." *Barnard*, 721 F.3d at 1078. Rimini is correct that it would have been improper for the district court to set a higher rate based on Rimini's litigation conduct alone. But considering the district court's analysis in its totality, it is apparent that the rate was based primarily on the jury's award of copyright damages based on a hypothetical license, making it appropriate to approximate the licensing fees that Oracle "lost out on" and "would have received, absent infringement" by using the Treasury rate on the date of infringement.

The district court made an extensive and detailed record throughout many years of complex and contentious litigation. Its understandable frustration with Rimini's litigation conduct is apparent in some of the orders now before us. However, there is ample evidence in the record to support the court's award of prejudgment interest at the Treasury rate on the

date infringement began. We find no abuse of discretion.

VI. Injunctive Relief

> As to [a] permanent injunction, we review the legal conclusions de novo, the factual findings for clear error, and the decision to grant a permanent injunction, as well as its scope, for an abuse of discretion. To review for abuse of discretion, "we first look to whether the trial court identified and applied the correct legal rule . . . [then] to whether the trial court's resolution of the motion resulted from a factual finding that was illogical, implausible, or without support in inferences that may be drawn from the facts in the record."

Columbia Pictures Indus., Inc. v. Fung, 710 F.3d 1020, 1030 (9th Cir. 2013) (quoting *United States v. Hinkson*, 585 F.3d 1247, 1263 (9th Cir. 2009) (en banc)).

The district court entered permanent injunctions against Rimini based on copyright infringement and against Rimini and Ravin based on alleged violations of the CDAFA.[8] We stayed both injunctions pending resolution of this appeal.

In view of our conclusion that there was no violation of the state computer laws, we reverse as to the CDAFA injunction. As explained below, we vacate

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[8] The injunction entered by the district court is clearly divided into separate portions. We therefore treat the injunction as if there were two separate injunctions.

the copyright injunction and remand for reconsideration in light of our opinion.

The Supreme Court established a four-factor test that must be applied before a district court may grant a permanent injunction. *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006). Here, the district court assessed the four factors by reference to *both* the copyright and the CDAFA claims, without considering separately the propriety of issuing an injunction as to the copyright claims alone. For example, the court concluded that Rimini's "violations of state computer access statutes" contributed to an "irreparable injury" to Oracle's business reputation and goodwill.

Based on the record before us, we do not know how the district court would weigh the *eBay* factors with respect to the copyright claims alone. We express no view on the propriety or scope of any injunctive relief, which are matters committed to the district court's discretion in the first instance.

VII. Fees

"We review the award of fees and costs for abuse of discretion, but will overturn it if it is based on an erroneous determination of law." *Durham v. Lockheed Martin Corp.*, 445 F.3d 1247, 1250 (9th Cir. 2006).

The district court awarded $28,502,246.40 in attorneys' fees to Oracle. It concluded that this award was appropriate under the fee-shifting provisions of the Copyright Act and the state computer laws. Although Ravin was not found liable for copyright infringement, the district court decided that Ravin was, along with Rimini, "severally and equally" liable

for the award because he had violated the state computer statutes.

In view of our conclusion that there was no violation of the state computer laws, we reverse the judgment with respect to Ravin's liability for fees. As to Rimini, we vacate the fee award and remand for reconsideration in light of Oracle's more limited success at litigation.

VIII. Costs

A. Taxable Costs

The district court awarded Oracle $4,950,566.70 in taxable costs. Rimini originally asked us to reduce this award by approximately $1,700,000, contending that Oracle only requested roughly $3,200,000 in taxable costs in the district court. Oracle conceded that approximately $1,500,000 in non-taxable costs improperly was counted as taxable. About $200,000 remains in dispute.

The district court's cost award apparently was based on the following chart it received from Oracle:

Attorneys' Fees	**Dkt. 926, Ex. 1**	**Adjustments**	**Final**
Bingham and Morgan Lewis	$18,695,129.67[1]		$18,695,129.67
Boies Schiller	$12,542,840.00[2]	*-$6,480.00*[3]	$12,536,360.00
H5 & Huron	$4,360,943.20[4]		$4,360,943.20

Attorneys' Fees	**Dkt. 926, Ex. 1**	**Adjustments**	**Final**
Other (Black Letter, Barg Coffin)	$28,895.12[5]		$28,895.12
TOTAL ATTORNEYS' FEES	$35,627,807.99		**$35,621,327.99**
Taxable Costs			
Deposition Costs	$192,999.706		$192,999.70
Stroz Fees for Oracle Productions	$4,757,561.00[7]	*-$1,515,279.45*[8]	$3,242,281.55
TOTAL TAXABLE COSTS	$4,950,560.70		**$3,435,281.25**

The district court evidently read the wrong column when it awarded $4,950,566.70 in taxable costs. Given the parties' agreement that Oracle is entitled to about $3,200,000 in taxable costs, the remaining dispute involves $192,999.70 in deposition costs. Because Rimini's briefs articulate no basis for our doing so, we do not disturb the district court's inclusion of these expenses in the taxable cost award. We thus reduce the award to $3,435,281.25.

B. Non-taxable Costs

Title 17 U.S.C. § 505 provides:

> In any civil action under [the Copyright Act], the court in its discretion may al-

> low the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

By contrast, 28 U.S.C. § 1920 identifies only six categories of costs that are taxable against the losing party.

In *Twentieth Century Fox v. Entertainment Distribution*, we held that, because 17 U.S.C. § 505 permits the award of *full* costs, the award of costs under § 505 is not limited to the categories of costs described in 28 U.S.C. § 1920. 429 F.3d 869, 885 (9th Cir. 2005). Here, relying expressly on *Twentieth Century Fox*, the district court awarded Oracle $12,774,550.26 in non-taxable costs.

Rimini contends that *Twentieth Century Fox* has been abrogated by *Marx v. General Revenue Corp.*, 568 U.S. 371 (2013), and that, accordingly, the district court erred. We disagree.

We are bound by our precedent unless the theory or reasoning of the decision is "clearly irreconcilable" with a higher intervening authority, such as a decision by the Supreme Court. *Miller v. Gammie*, 335 F.3d 889, 899–900 (9th Cir. 2003) (en banc). Our decision in *Twentieth Century Fox* concerned the relationship between 17 U.S.C. § 505 and 28 U.S.C. § 1920. The Supreme Court's decision in *Marx* concerned neither statute. Instead, the Court held that 15 U.S.C. § 1692k(a)(3) is not contrary to the costs provision in Federal Rule of Civil Procedure 54(d)(1).

Nothing in *Marx* is clearly irreconcilable with *Twentieth Century Fox*.

The parties shall bear their own costs on appeal.

AFFIRMED in Part, REVERSED in Part, VACATED and REMANDED in Part.

APPENDIX B

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; ORACLE INTERNATIONAL CORPORATION, a California corporation,

Plaintiffs-Appellees,

v.

RIMINI STREET, INC., a Nevada corporation; SETH RAVIN, an individual,

Defendants-Appellants.

FILED
MAR 02 2018
MOLLY C. DWYER, CLERK
U.S. COURT OF APPEALS

Nos. 16-16832
16-16905

D.C. No.
2:10-cv-00106-LRH-VCF

ORDER

Before: GRABER and FRIEDLAND, Circuit Judges, and FOGEL,[1] District Judge.

Judges Graber and Friedland have voted to deny the petition for rehearing en banc for Appellant Ri-

[1] The Honorable Jeremy D. Fogel, United States District Judge for the Northern District of California, sitting by designation.

mini Street, Inc., and Judge Fogel has so recommended.

The full court has been advised of the petition for rehearing en banc, and no judge of the court has requested a vote on it.

The petition for rehearing en banc for Appellant Rimini Street, Inc., is DENIED.

APPENDIX C

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation, Plaintiffs, v. RIMINI STREET, INC., a Nevada corporation; AND SETH RAVIN, an individual, Defendants.	Case No. 2:10-cv-0106-LRH-VCF **FED. R. CIV. P. 58 FINAL JUDGMENT IN A CIVIL ACTION**

Whereas this action was tried by a jury with the Hon. Larry R. Hicks presiding, and the jury rendered a verdict on October 13, 2015, and whereas further matters were heard by Judge Hicks and a decision was rendered on September 21, 2016, it is hereby **ORDERED, ADJUDGED, and DECREED**:

That Defendant Rimini Street, Inc. shall pay Plaintiff Oracle International Corporation the amount of $58,299,437.61 (representing $35,600,000 plus $22,691,741.52 in prejudgment interest through October 17, 2016 plus $7,696.36 for each additional

day after October 17, 2016 until judgment is entered);

That Defendants Rimini Street, Inc. and Seth Ravin shall pay Plaintiff Oracle International Corporation the amount of $ 7,671,846.99 (representing $5,600,000 plus $2,071,005.46 in prejudgment interest through October 17, 2016 plus $841.53 for each additional day after October 17, 2016 until judgment is entered);

That Defendants Rimini Street, Inc. and Seth Ravin shall pay Plaintiff Oracle America, Inc. the amount of $12,092,748.86 (representing $8,827,000 plus $3,264,422.40 in prejudgment interest through October 17, 2016 plus $1,326.46 for each additional day after October 17, 2016 until judgment is entered);

That Defendants Rimini Street, Inc. and Seth Ravin shall pay Plaintiffs Oracle America, Inc., and Oracle International Corporation attorneys' fees and costs in the amount of $46,227,363.36;

That Defendants Rimini Street, Inc. and Seth Ravin shall pay postjudgment interest on all amounts specified herein at the rate described in 28 U.S.C. § 1961 from the date of entry through the date of payment; and,

That Defendants Rimini Street, Inc. and Seth Ravin are enjoined in accordance with the permanent injunction set forth at ECF No. 1065.

SO ORDERED.

DATED this 18th day of October, 2016.

LANCE S. WILSON, CLERK

/s/
BY: Deputy Clerk

APPENDIX D

UNITED STATES DISTRICT COURT
****** DISTRICT OF NEVADA**

ORACLE USA, INC., et al.,	JUDGMENT IN A CIVIL CASE
Plaintiff,	CASE NUMBER: 2:10-cv-00106-LRH-PAL
v.	
RIMINI STREET, INC., et al.	
Defendants.	

___ **Jury Verdict**. This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

___ **Decision by Court**. This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

X **Decision by Court**. This action came to be considered before the Court. The issues have been considered and a decision has been rendered.

IT IS ORDERED AND ADJUDGED an award of attorneys' fees and costs is hereby entered in favor of Plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation and against Defendants Rimini Street, Inc. and Seth Ravin in the amount of $46,227,363.36.

September 21, 2016

LANCE S. WILSON
Clerk

/s/ K. Walker
Deputy Clerk

APPENDIX E

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

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ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation; Plaintiffs, v. RIMINI STREET, INC., a Nevada corporation; and SETH RAVIN, an individual; Defendants.	2:10-CV-00106-LRH-PAL ORDER

Before the court are plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation's (collectively "Oracle") motion for a permanent injunction (ECF No. 900), motion for prejudgment interest (ECF No. 910), and motion for attorneys' fees (ECF No. 917). Defendants Rimini Street, Inc. ("Rimini") and Seth Ravin ("Ravin") (collectively "defendants") filed oppositions to the motions (ECF Nos. 905, 958, 998) to which Oracle replied (ECF Nos. 907, 979, 1018).

I. Facts and Procedural History

This action has an extensive factual and procedural history. In brief, Oracle develops, manufactures, and licenses computer software. Oracle also provides software support services to customers who license its software. Defendant Rimini is a company that provides similar software support services to customers licensing Oracle's software and competes directly with Oracle to provide these services. Defendant Ravin is the owner and CEO of Rimini.

On January 25, 2010, Oracle filed a complaint for copyright infringement against defendants alleging that Rimini copied several of Oracle's copyright-protected software programs onto Rimini's own computer systems in order to provide software support services to its customers. ECF No. 1. In June 2011, Oracle filed a second amended complaint alleging thirteen causes of action against defendants: (1) copyright infringement; (2) violation of the Federal Computer Fraud and Abuse Act ("CFAA"), 18 U.S.C. § 1030(a); (3) violation of the California Computer Data Access and Fraud Act, Cal. Penal Code § 502; (4) violation of the Nevada Computer Crimes Law, NRS § 205.4765; (5) breach of contract; (6) inducement of breach of contract; (7) intentional interference with prospective economic advantage; (8) negligent interference with prospective economic advantage; (9) unfair competition; (10) trespass to chattels; (11) unjust enrichment; (12) unfair practices; and (13) accounting. ECF No. 146.

A jury trial was held on Oracle's claims from September 14 through October 13, 2015. On October 13, 2015, the jury returned its verdict and found that defendant Rimini engaged in copyright infringement of Oracle's copyrighted PeopleSoft, J.D. Edwards,

and Siebel-branded Enterprise Software products. ECF No. 896. The jury also found that both defendants Rimini and Ravin violated the California Computer Data Access and Fraud Act and the Nevada Computer Crimes Law. *Id.* Ultimately, the jury awarded Oracle $35,600,00.00 against Rimini for copyright infringement and awarded Oracle $14,427,000.00 against both Rimini and Ravin for violation of the state computer access statutes. *Id.* After the jury verdict, Oracle filed the present motions for a permanent injunction, prejudgment interest, and attorneys' fees. ECF Nos. 900, 910, 917. The court shall address each post-trial motion below.

II. Motion for Permanent Injunction (ECF No. 900)

As part of its motion for a permanent injunction, Oracle seeks three separate forms of relief. First, Oracle seeks judgment against defendants on its claim for violation of California's Unfair Competition Law. Second, Oracle seeks a permanent injunction to enjoin and restrain defendants from continued infringement of Oracle's copyrighted Enterprise Software products and from improperly accessing and taking data from Oracle's websites and computer systems. Finally, Oracle seeks disposition of all copies of the infringing software on defendants' systems.

A. California's Unfair Competition Law

Oracle seeks judgment against both defendants Rimini and Ravin on its claim for violation of California's Unfair Competition Law ("UCL"), Cal. Bus & Prof. Code § 17200 *et seq*. California's UCL prohibits unlawful, fraudulent, and unfair business practices. *Cel-Tech Comm's, Inc. v. L.A. Cellular Tel. Co.*, 20 Cal. 4th 163, 180 (Cal. 1992). There is no right to a

jury trial under the UCL. Rather, a violation of the UCL occurs as a matter of law when there has been a violation of a predicate act. CAL. BUS & PROF. CODE § 17200. A violation of the California Computer Data Access and Fraud Act is an identified predicate act under the UCL. *See Cal-Tech Comm's, Inc.*, 20 Cal. 4th at 180; CAL. BUS & PROF. CODE § 17500 *et seq*. Because the jury found that defendants violated the CDAFA, Oracle is also entitled to judgment against defendants on its UCL claim. Accordingly, the court shall grant Oracle's motion and issue judgment in favor of plaintiffs Oracle America, Inc. and Oracle International Corporation on this claim.

B. Permanent Injunction

"[T]he decision whether to grant or deny injunctive relief rests within the equitable discretion" of the district court. *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388, 394 (2006). Such discretion should be "exercised consistent with traditional principles of equity." *Id*. In determining whether to issue a permanent injunction in copyright infringement actions, courts evaluate four factors: (1) irreparable harm; (2) inadequacy of monetary damages; (3) the balance of hardships; and (4) whether the public interest would be served by a permanent injunction. *Id*. at 391; *see also Flexible Lifeline Sys., Inc. v. Precision Lift, Inc.*, 654 F.3d 989, 999 (9th Cir. 2011) (applying the four-factor test outlined in *eBay*). Further, an injunction should issue when the intervention of the court in equity is essential to protect a party's rights against injuries that could not otherwise be remedied. *See Weinberger v. Romero-Barcelo*, 456 U.S. 305, 312 (1982).

1. Availability of a Permanent Injunction

Before addressing whether to award Oracle an injunction in this action, the court must first determine whether Oracle is entitled to seek a permanent injunction against defendants and under what statute(s), if any.

Initially, Oracle contends that it may seek a permanent injunction under the Nevada Computer Crimes Law ("NCCL"). *See* NRS § 205.513(2) ("An injunction . . . [m]ay be issued without proof of actual damage sustained by any person."). However, under the NCCL, only the Nevada Attorney General or the appropriate district attorney may seek a permanent injunction against a party who has violated the act. NRS § 205.513(1) (stating that only the "Attorney General or the appropriate district attorney may file an action in any court of competent jurisdiction to prevent the occurrence or continuance of that act or practice."). Thus, the plain language of the statute does not authorize Oracle, a private party, to seek a permanent injunction for a violation of the NCCL.

Next, Oracle seeks a permanent injunction under the California Computer Data Access and Fraud Act ("CDAFA"). The CDAFA provides that the owner of a computer network, like Oracle, may seek injunctive relief for violations of the statute. CAL. PENAL CODE § 502(e)(1) ("In addition to any other civil remedy available, the owner or lessee of the computer, computer system, computer network, computer program, or data who suffers damage or loss by reason of a violation of any of the provisions of subdivision (c) may bring a civil action against the violator for compensatory damages and injunctive relief or other equitable relief."). Accordingly, Oracle is entitled to seek a

permanent injunction against defendants under the CDAFA.

Finally, Oracle contends that it is entitled to seek a permanent injunction under the Copyright Act. The Copyright Act provides that a district court may enter an injunction "on such terms as it may deem reasonable to prevent or restrain infringement of a copyright." 17 U.S.C. § 502(a). Therefore, the court finds that Oracle is entitled to separately seek a permanent injunction against defendant Rimini under the Copyright Act.[1]

2. Irreparable Injury

The first factor in a permanent injunction analysis is whether a plaintiff has suffered an irreparable injury as a result of a defendant's conduct, or will suffer an irreparable injury absent an injunction. *See American Trucking Ass'ns v. City of Los Angeles*, 559 F.3d 1046, 1052 (9th Cir. 2009). As part of a court's irreparable injury analysis in a copyright action, courts regularly examine three factors: (1) direct competition between the parties; (2) loss of market share due to the infringement; and (3) loss of customer and business goodwill. *See, e.g., Presidio Components Inc. v. Am. Tech. Ceramics Corp.*, 702 F.3d 1351, 1362 (Fed. Cir. 2012) (stating that direct competition in the same market strongly supports the potential for irreparable harm absent an injunction); *i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831, 861 (Fed. Cir. 2010) (finding that harm to a party's market share, revenues, and brand recognition is rele-

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[1] As the jury did not find that defendant Ravin engaged in any copyright infringement, Oracle may not separately seek a permanent injunction against Ravin pursuant to the Copyright Act.

vant for determining whether the party has suffered an irreparable injury); *Celsis in Vitro, Inc. v. CellzDirect, Inc.*, 664 F.3d 922, 930 (Fed. Cir. 2012) (holding that loss of goodwill, damage to reputation, and loss of business opportunities are all valid grounds for finding irreparable harm).

Here, the court finds that defendants' unlawful actions, to wit copyright infringement and violations of the state computer access statutes, irreparably injured Oracle's business reputation and goodwill. First, it is undisputed that Oracle and Rimini directly compete with each other to provide software support services and that Rimini infringed Oracle's copyrighted works, which supports issuance of a permanent injunction. *See Presidio Components, Inc.*, 702 F.3d at 1362.

Second, the evidence in this action established Rimini's callous disregard for Oracle's copyrights and computer systems when it engaged in the infringing conduct. For example, the evidence established that Rimini's egregious and continued infringement enabled it to rapidly build its business and gain market share against Oracle in the software support service market by offering cut-rate prices on its support services for Oracle software, generally at a discount of 50% of Oracle's prices for similar service contracts. In fact, Rimini's business model was built entirely on its infringement of Oracle's copyrighted software and its improper access and downloading of data from Oracle's website and computer systems, and Rimini would not have achieved its current market share and business growth without these infringing and illegal actions. Moreover, Rimini landed clients for its services by telling customers that Oracle's services were overpriced and could be provided at the

same rate Rimini was offering while still providing Oracle significant profits, thereby harming Oracle's business reputation. Through this misconduct, Rimini gained an improper advantage that it used to harm Oracle's business reputation and goodwill in the software service industry. Such injuries to a business' reputation and goodwill have consistently been held to constitute irreparable harm. *See Apple Inc. v. Psystar Corp. (Apple II)*, 658 F.3d 1150, 1154 (9th Cir. 2011).

Finally, Rimini's claim that it no longer engages in the conduct adjudged by the court and jury to infringe Oracle's copyrights is not a basis to deny issuance of an injunction. *See Metro-Goldwyn-Mayer Studios v. Grokster, Ltd.*, 518 F. Supp. 2d 1197, 1222 (C.D. Cal. 2007) (stating that "[a] private party's discontinuation of unlawful conduct does not make the dispute moot, however. An injunction remains appropriate to ensure that the misconduct does not recur as soon as the case ends."). Therefore, the court finds that this factor weighs in favor of a permanent injunction.

3. Inadequacy of Monetary Damages

In order to establish that an injunction is warranted, a plaintiff must show that monetary damages are inadequate to fully compensate it for the defendant's conduct. *eBay*, 547 U.S. at 391. Here, the court finds that Oracle has established that monetary damages alone are inadequate to compensate it for the losses suffered because of defendants. First, the court notes that certain harms suffered by Oracle like lost market share and company goodwill are intangible injuries difficult to quantify and compensate. *See Apple II*, 658 F.3d at 1154 (stating that in-

juries to a business' reputation and company goodwill are intangible injuries difficult to quantify and compensate). Second, the infringement damages in this action were complex and difficult to determine. Unlike a patent case where a specific number of infringing products are sold at a specific price, in this copyright infringement action there was no efficient way to measure the damages Oracle suffered. In particular, the jury was provided with two separate damage theories, both of which required the jury to evaluate a substantial amount of evidence and expert testimony to reach the damages awarded in this action. Oracle's lost profits theory required the jury to determine the lost profits, if any, of a multi-billion dollar company that has a continuously growing business. Similarly, Oracle's hypothetical license damages theory required the jury to determine the amount Oracle would have charged for Rimini, its competitor in the software service market, to license its copyrighted software when presented with evidence that Oracle does not license its software to such competitors. The difficulty for the jury in determining damages in this action supports Oracle's claim that monetary damages alone are insufficient to fairly and fully compensate it for defendants' conduct. Finally, one of the most fundamental rights the holder of a copyright has is the right to exclude others, and this right has routinely been held difficult to compensate solely through monetary compensation. *See eBay*, 547 U.S. at 395 (Roberts, C.J. concurring) (identifying and explaining the difficulty of protecting a right to exclude through monetary remedies alone). Based on all the above, the court finds that this factor weighs in favor of an injunction.

4. Balance of Hardships

A court must weigh and balance the competing effect that granting or withholding an injunction would have on each party. *See Williams v. Bridgeport Music, Inc.*, 2015 U.S. Dist. LEXIS 97262, at *128 (C.D. Cal. 2015). The court has reviewed the documents and pleadings on file in this matter and finds that the balance of hardships weighs in favor of an injunction. Generally, the balance of hardships tips in favor of a holder of a copyright seeking to protect its copyrighted works, especially when the party to be enjoined does not have a separate legitimate business purpose for continuation of the infringing acts. *Grokster*, 518 F. Supp. 2d at 1220. This case is no different. First, Rimini does not have a separate legitimate business purpose for continuation of the infringing acts. Second, there is no evidence that Rimini would be harmed by an injunction that enjoins and restrains future copyright infringement or using the materials gained from its infringement because Rimini has already represented to the court that is has changed its business model and support services away from the infringing model in response to the court's orders on summary judgment. Finally, because Oracle seeks to enjoin only acts that have already been determined to be unlawful, the balance of hardships weighs in Oracle's favor.

5. Public Interest

"[T]he touchstone of the public interest factor is whether an injunction, both in scope and effect, strikes a workable balance between protecting the [copyright holder's] rights and protecting the public from the injunction's adverse effects." *i4i*, 598 F.3d at 863.

Here, having reviewed all the documents and pleadings on file in this matter, the court finds that an injunction against future copyright infringement and violations of the computer access statutes are in the public interest. *See Apple Comput. v. Franklin Comput. Corp.*, 714 F.2d 1240, 1255 (3d Cir. 1983) ("[I]t is virtually axiomatic that the public interest can only be served by upholding copyright protections and, correspondingly, preventing the misappropriation of the skills, creative energies, and resources which are invested in the protected work."). Further, an injunction against future infringement would not harm the public interest of access to competitive services because Rimini has repeatedly represented to the court that its current business model is not based on its prior infringing conduct. Taking defendants' statements as true, then Rimini's ability to compete against Oracle in the software support service market would not be lost with an injunction, and thus, the public would still have access to competition in that market. Finally, issuing an injunction in this action "ultimately serves the purpose of enriching the general public through access to creative works" by giving Oracle an incentive to continue to develop software for public use. *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1986 (2016). Therefore, the court finds that the relevant *eBay* factors favor issuance of a permanent injunction in this action, and the court shall grant Oracle's motion accordingly.

C. Disposition of Infringing Articles

In addition to a permanent injunction, Oracle seeks an order pursuant to the impoundment provisions of the Copyright Act either requiring defendants to turn over all infringing copies of Oracle's cop-

yrighted works to a neutral third party to be approved by the court or destroying all infringing copies outright, thereby preventing defendants from continuing to leverage the benefits of its infringing actions in its current business model. *See* ECF No. 900.

The Copyright Act provides that, "[a]s part of a final judgment or decree, the court may order the destruction or other reasonable disposition of all copies or phonorecords found to have been made or used in violation of the copyright owner's exclusive rights." 17 U.S.C. § 503(b). A disposition order is "an equitable remedy issued under the broad powers vested in a trial judge under 17 U.S.C. § 503(b)." *Rogers v. Koons*, 960 F.2d 301, 313 (2d Cir. 1992). However, such seizure and impoundment orders are "extraordinary relief" solely within the discretion of the district court. *See Williams*, 2015 U.S. Dist. LEXIS 97262, at *131. Although the Ninth Circuit has not identified appropriate factors to consider in determining whether to issue impoundment, several courts have applied the same factors related to issuance of a permanent injunction. *See, e.g., Hounddog Prods., L.L.C. v. Empire Film Grp., Inc.*, 826 F. Supp. 2d 619, 633 (S.D.N.Y. 2011); *Bridgeport Music, Inc. v. Justin Combs Pub.*, 507 F.3d 470, 492 (6th Cir. 2007) (affirming a district court's order of impoundment upon consideration of the traditional injunction factors).

With respect to Oracle's proposed disposition order, the court finds that Oracle is not entitled to a separate order impounding Rimini's computers and media. Generally, disposition orders should be granted only where other legal remedies and compensatory damages do not provide adequate relief.

Here, however, Oracle has received monetary compensation for Rimini's infringement, and the court has found that a permanent injunction should be issued against defendants against future conduct. These remedies are sufficient to protect and compensate Oracle. Further, the requested outcome of Oracle's disposition remedy - preclusion of Rimini from using the infringing works - is achieved the same with a permanent injunction as it would be with a disposition order. Thus, having already found that Oracle is entitled to a permanent injunction, the court shall deny Oracle's request for a separate disposition order under Section 503(b).

III. Motion for Prejudgment Interest (ECF No. 910)

Oracle also seeks an award of prejudgment interest on the jury verdict. Prejudgment interest is "statutorily prescribed interest accrued either from the date of the loss or from the date when the complaint was filed up to the date the final judgment is entered. . . . Depending on the statute, it may or may not be an element of damages." *Prejudgment interest, Black's Law Dictionary* (10th ed. 2014). The purpose behind prejudgment interest is "to compensate for the loss of use of money due as damages from the time the claim accrues until judgment is entered." *Barnard v. Theobald*, 721 F.3d 1069, 1078 (9th Cir. 2013). Whether to award prejudgment interest under an applicable statute is in "the district court's sound discretion." *Id.*

Initially, Oracle seeks prejudgment interest under the Copyright Act on the jury's award of $35.6 million in damages against defendant Rimini for copyright infringement. *See* ECF No. 910. An award of prejudgment interest is an available statutory

remedy under the Copyright Act. *Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 716 (9th Cir. 2004). In the Ninth Circuit, the starting point for federal prejudgment interest is the post-judgment rate established by 28 U.S.C. § 1961, which is the weekly average of the one-year constant maturity Treasury yield. *See Price v. Stevedoring Servs. of Am., Inc.*, 697 F.3d 820, 836-37 (9th Cir. 2012) (en banc), *see also Williams*, 2015 U.S. Dist. LEXIS 97262, at * 144.

In its motion, Oracle seeks prejudgment interest at the higher Prime rate rather than the Treasury rate, contending that the Prime rate is sufficient to cover inflation over the lengthy infringement and litigation period. *See* ECF No. 910. Further, Oracle argues that the hypothetical license measure of damages and the equities considered in a copyright case - compensation to the plaintiff, deterring infringers, and preventing unjust enrichment of the defendant - weigh strongly in favor of a market-based rate higher than the Section 1961 Treasury rate. The court disagrees.

"[U]nless the district court concludes that the equities demand a different rate," an award of prejudgment interest in a copyright infringement case "should be based on the fifty-two week Treasury bill rate." *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 886 F.2d 1545, 1552-53 (9th Cir. 1989). Further, the Ninth Circuit has repeatedly held that the Section 1961 rate is the appropriate rate of prejudgment interest in an action for copyright infringement. *Price*, 697 F.3d at 836; *Williams*, 2015 U.S. Dist. LEXIS 97262, at * 144. Here, the court finds that there is no basis to deviate from the standard Treasury rate to the Prime rate in this action. That

being said, however, the court finds that there is good cause to set the prejudgment interest rate at the Treasury rate on the date infringement began, rather than at the time of judgment. The court makes this finding because of the nature of the jury's award of hypothetical license damages. As the jury awarded damages to Oracle in an amount it would have received from Rimini for licensing Oracle's software at the time it began infringing Oracle's copyrights in late 2006, the court finds that this is the relevant time period for prejudgment interest. After this date, when Rimini began infringing Oracle's copyrights, Oracle lost out on the licensing fees it would have received, absent infringement. It is not equitable in the court's view to allow defendants to reap a windfall by the lower interest rates that are now available simply because they engaged in discovery delays and other litigation tactics (addressed more thoroughly in Oracle's motion for attorneys' fees) that kept this action in litigation for several years. Therefore, the court shall grant Oracle's motion and set the appropriate rate for prejudgment interest under the Copyright Act as the weekly average one-year constant maturity Treasury yield at the start of the infringement.

Second, Oracle also seeks prejudgment interest under the CDAFA and the NCCL on the jury's award of $14.4 million in damages for violation of the state computer access statutes. Under California law, "a person who is entitled to recover damages certain, or capable of being made certain by calculation, and the right to recover which is vested in the person upon a particular day, is entitled to also recover interest from that day." CAL. CIV. CODE § 3287(a). However, under California law, only damages that are "certain, or capable of being made certain by calculation" prior

to litigation may accrue prejudgment interest. *Duale v. Mercedez-Benz USA, LLC*, 148 Cal. App. 4th 718, 728-29 (2007). The "test for recovery of prejudgment interest under § 3287(a) is whether [the] defendant actually knows the amount owed or from reasonably available information could the defendant have computed that amount." *Id.* Further, "where the amount of damage, as opposed to the determination of liability, depends upon a judicial determination based upon conflicting evidence" Section 3287 "does not authorize prejudgment interest." *Id.* Here, the amount of damages for defendants' conduct under the CDAFA was not known or easily calculable prior to trial and required the jury to evaluate and weigh conflicting evidence. Therefore, the court finds that Oracle is not entitled to prejudgment interest under the CDAFA.

In contrast, in Nevada, prejudgment interest is a matter of statutory right. *Torres v. Goodyear Tire & Rubber Co.*, 317 P.3d 828, 830 (Nev. 2014) ("NRS 17.130 . . . provides a statutory right for interest on judgments."). Nevada law establishes a prejudgment interest rate of 2% plus "the prime rate at the largest bank in Nevada ascertained by the Commissioner of Financial Institutions on January 1 or July 1, as the case may be, immediately preceding the date of judgment." NRS §17.130. Such interest is assessed as simple interest on an annual basis. *Torres*, 317 P.3d at 830-31. Further, under Nevada law, interest is drawn "from the time of service of the summons." *Sobel v. Hertz*, 291 F.R.D. 525, 544 (D. Nev. 2013). Here, the summons in this action was served on January 27, 2010. Thus, the court finds that Oracle is entitled to prejudgment interest at the Nevada statutory rate for the $14.4 million in damages for

violation of the NCCL starting January 27, 2010, through the date of judgment.

IV. Motion for Attorneys' Fees (ECF No. 917)

Oracle's last motion is its present motion for attorneys' fees and costs.[2] ECF No. 917. In its request, Oracle is seeking a total of $35,627,807.99 in attorneys' fees; $4,950,560.70 in taxable costs; and $17,636,755.68 in non-taxable costs for a total attorneys' fees and costs award of $58,215,124.37. The first issue before the court is whether to award attorneys' fees in this action. Then, if the court finds that such a fee award is appropriate, the court must determine the appropriate fees award.

A. Determination of Whether to Award Fees

Under Section 505 of the Copyright Act, the court has discretion to award a prevailing party costs and attorneys' fees. *See* 17 U.S.C. § 505 ("In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party . . . . [T]he court may also award a reasonable attorney's fee to the prevailing part as part of the

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[2] Oracle's motion is accompanied by a breakdown of time spent by each contracted law firm, including the individuals who provided the work, what was being worked on, and the amount of time spent on that item as outlined in four separate declarations from Attorney Thomas S. Hixson, partner with the law firm Morgan, Lewis and Bockius LLP (ECF No. 918, Hixson Decl.); Attorney Kieran P. Ringgenberg, partner with Boies, Schiller & Flexner LLP (ECF No. 919, Ringgenberg Decl.); James C. Maroulis, Managing Counsel at Oracle (ECF No. 920, Maroulis Decl.); and Richard J. Pocker, also a partner with Boies, Schiller & Flexner LLP (ECF No. 921, Pocker Decl.). Oracle also filed a supplement to its motion for attorneys' fees and costs updating its request for fees to include time spent at trial and on post-trial motions. ECF No. 996.

costs."). In order to determine whether an award of attorneys' fees and non-taxable costs are warranted under the Copyright Act, courts examine five factors: (1) the degree of success of the prevailing party; (2) the objective reasonableness of the losing party's arguments during litigation; (3) the need to make the prevailing party whole; (4) deterrence; and (5) the purposes of the Copyright Act. *See Kirtsaeng*, 136 S. Ct. at 1986; *McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 323 (9th Cir. 1987); *Jackson v. Axton*, 25 F.3d 884, 890 (9th Cir. 1994) (stating the five factor test for attorneys' fees under the Copyright Act). Further, the Copyright Act does not condition an award of fees on a finding of willful infringement. *Casella v. Morris*, 820 F.2d 362, 366 (11th Cir. 1987) ("[A] showing of bad faith or frivolity is not a requirement of a grant of fees."). Rather, a court must evaluate each of the relevant factors and make a decision on "a more particularized, case-by-case assessment." *Kirtsaeng*, 136 S. Ct. at 1986. Each factor to determine whether an award of attorneys' fees is warranted is addressed below.

1. Degree of Success

Oracle argues that the degree of success it achieved on its claims warrants an award of attorneys' fees in this case. The court agrees. Oracle successfully defeated all of defendants' counterclaims, including counterclaims for copyright misuses, early in this litigation. Then, at trial, Oracle successfully prevailed on its claim for copyright infringement as the jury found that Rimini infringed every one of the 93 separate copyright registrations at issue. And important to the court is the fact that the trial was a copyright infringement case first and foremost, regardless of all other claims pled. Oracle also pre-

vailed on its two separate state computer access claims against both defendants. As a result of its overall success, Oracle won a $50 million verdict against defendants - including $35,600,000 for copyright infringement and $14,427,000 for the state computer access claims - which was five times the damages number presented at trial by defendants' damages expert. There is no question to the court that a $50 million verdict is a substantial success regardless of what could have been issued in this case. Therefore, this factor weighs in favor of awarding attorneys' fees.

2. Objective Reasonableness

The second factor is the objective reasonableness of the losing party's position during the litigation. *Kirtsaeng*, 136 S. Ct. at 1983. "No matter which side wins a case, the court must assess whether the other side's position was (un)reasonable." *Id.* at 1988. However, the objective reasonableness of a losing party's position "can be only an important factor in assessing fee applications - not the controlling one." *Id.* at 1988. "That means in any given case a court may award fees even though the losing party offered reasonable arguments (or, conversely, deny fees even though the losing party made unreasonable ones)." *Id.* "For example, a court may order fee-shifting because of a party's litigation misconduct, whatever the reasonableness of his claims or defenses." *Id.* at 1988-89 (citing *Viva Video, Inc. v. Cabrera*, 9 Fed. Appx. 77, 80 (2nd Cir. 2001)). "Or a court may do so to deter repeated instances of copyright infringement or over aggressive assertions of copyright claims, again even if the losing position was reasonable in a particular case." *Id.* at 1989 (citing *Bridgeport Music, Inc. v. WB Music Corp.*, 520 F.3d 588, 593-95 (6th

Cir. 2008) (awarding fees against a copyright holder who filed hundreds of suits on an overbroad legal theory, including in a subset of cases in which it was objectively reasonable)).

Here, the court finds that defendants' litigation position that it did not engage in copyright infringement was not an objectively reasonable position. Rather, it was based on a clear misreading of Oracle's software licensing agreements and a conscious disregard for the manner that Rimini used and housed Oracle's copyrighted software programs on its own servers. In fact, Rimini's position was so unreasonable that the court was able, at summary judgment, to determine that Rimini engaged in massive copyright infringement of Oracle's copyrighted works, thereby leaving only a few issues for trial. However, throughout this litigation, including right up until trial, Rimini contended that no copyright infringement ever occurred because it did not use the copyrighted software in a proscribed manner. Based on defendants' conduct, the court finds that their position was not reasonable.

Further, even if defendants' litigation position was reasonable, the court finds that attorneys' fees are still warranted in this action because of Rimini's repeated instances of copyright infringement and its significant litigation misconduct in this action. *See Id.* It is undisputed that defendants ignored their preservation obligations and destroyed evidence prior to trial, including a key computer directory containing Oracle software that Rimini used for multiple customers in violation of customer licenses. In fact, Magistrate Judge Leen found that defendants intentionally deleted the software library well after they were on notice of potential litigation and were

well aware that the software library was potentially relevant evidence. As a result of their litigation misconduct, defendants were forced to acknowledge the spoliation and destruction of evidence at trial, and the court even gave an adverse inference jury instruction about the issue. Therefore, taking all of the above into consideration, the court finds that this factor weighs in Oracle's favor.

3. The Need to make Oracle Whole

The third factor in determining whether to award attorneys' fees under the Copyright Act is the need to make the prevailing party whole. *See McCulloch*, 823 F.2d at 323 ("[S]ection 505 is intended in part to encourage the assertion of colorable copyright claims . . . and to make the plaintiffs whole.").

In its motion, Oracle argues that an award of attorneys' fees is necessary to compensate it for its huge outlay of fees and costs necessarily incurred in enforcing its copyrights. The court agrees. Oracle has spent decades developing its copyrighted software only to have the defendants take that hard work and use it to their benefit at Oracle's expense. In order to prosecute this action, Oracle was compelled to spend a significant amount of resources in legal fees and costs over what was eventually awarded in damages just to stop defendants' unlawful conduct. Without a fee award, the court finds that Oracle's investment in its intellectual property and its incentive to create future software would not be appropriately protected or compensated.

4. Deterrence

The fourth factor in a court's attorneys' fee analysis is the need to deter defendants and others from

engaging in future infringement. *McCulloch*, 823 F.2d at 323. Here, the court finds that an award of attorneys' fees is appropriate to deter defendant Rimini from its pattern of infringing Oracle's copyrights, which started when the business began and continued until the middle of this litigation. Further, an award of fees is necessary to deter other third party service providers from engaging in similar infringing conduct in order to compete with Oracle for software support services.

5. Purpose of the Copyright Act

The last factor in a court's analysis of whether to an award attorneys' fees is whether an award will further the purposes of the Copyright Act. *See Mattel, Inc. v. MGA Entm't, Inc.*, 705 F.3d 1108, 1111 (9th Cir. 2012) ("The most important factor in determining whether to award fees under the Copyright Act, is whether an award will further the purposes of the Act.").

The court finds that awarding attorneys' fees in this action furthers the purposes of the Copyright Act as it rewards owners of intellectual property, like Oracle, for pursuing their rights under the act and "encouraging and rewarding authors' creations." *Kirtsaeng*, 136 S. Ct. at 1986. Further, as discussed above, an award of attorneys' fees would deter future infringement. As such, the court finds that a fee award is appropriate in this action. *See id.* ("[F]ee awards under § 505 should encourage the type of lawsuits that promote [the purposes of the Copyright Act].."). Accordingly, the court shall grant Oracle's

motion and issue an award of attorneys' fees under the Copyright Act.[3]

B. Amount of Fees

If a district court determines that an award of attorneys' fees is warranted under the Copyright Act (or other statutory provision), the court must determine the amount of reasonable fees to award the prevailing party. In its motion, Oracle argues that the court should award $35,627,807.99 in attorneys' fees to compensate it for the fees it incurred to prosecute this litigation. In determining the reasonableness of an award of attorneys' fees, a district court considers several non-exclusive factors, including: (1) the reputation and skill of counsel; (2) the financial terms of the client fee arrangement;[4] (3) the nature and extent of work performed and results obtained; and (4) awards in similar cases. *See* LR 54-16(b)(3);

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[3] An award of attorneys' fees is also available under both the CDAFA and the NCCL. *See* CAL. PENAL CODE § 502(e)(2) ("In any action brought pursuant to this subdivision the court may award reasonable attorney's fees."); NEV. REV. STAT. § 205.4765 ("Any victim of a crime described in NRS 205.473 to 205.513, inclusive, may bring a civil action to recover . . . [c]osts and reasonable attorney's fees incurred in bringing the civil action."). Insofar as the court has found that Oracle is entitled to attorneys' fees under the Copyright Act, the court also finds that attorneys' fees are warranted under the CDAFA and the NCCL, both of which allow attorneys' fees under factors less stringent than the Copyright Act. Further, in contrast to an award of fees under the Copyright Act, for which defendant Ravin was not found liable, the court finds that an award of fees under both the CDAFA and the NCCL may be levied against both defendants severally and equally.

[4] Here it is undisputed that Oracle's fee arrangements with counsel were hourly rate contracts for work performed in this action and were not contingency fee agreements.

Resurrection Bay Conservation All. v. City of Seward Alaska, 640 F. 3d 1087, 1095 (9th Cir. 2011).

Initially, in determining the amount of fees to award in an action, the court must look to the reasonableness of the rates charged by counsel. *Id.* Generally, courts determine a reasonable rate for attorneys' fees based upon "the rates prevailing in that district for similar services by lawyers of reasonably comparable skill, experience and reputation," irrespective of practice area. *Prison Legal News v. Schwarzenegger*, 608 F.3d 446, 445 (9th Cir. 2010). However, "the district court may, if circumstances warrant, adjust the lodestar to account for other factors which are not subsumed within it." *Ferland v. Conrad Credit Corp.*, 224 F.3d 1145, 1149 n.4 (9th Cir. 2001). Those additional non-exclusive factors include: "(1) the time and labor required, (2) the novelty and difficulty of the questions involved, (3) the skill requisite to perform the legal service properly, (4) the preclusion of other employment by the attorney due to acceptance of the case, (5) the customary fee, (6) whether the fee is contingent, (7) time limitations imposed by the client or the circumstances, (8) the amount involved and the results obtained, (9) the experience, reputation, and ability of the attorneys, (10) the 'undesirability' of the case, (11) the nature and length of the professional relationship with the client, and (12) awards in similar cases." *Ballen v. City of Redmond*, 466 F.3d 736, 746 (9th Cir. 2006).

Here, the court finds that the appropriate rates for counsel in this copyright infringement action are the actual rates charged by counsel. "Unless counsel is working outside his or her normal area of practice, evidence that a billing rate was the usual rate the attorney charges for his or her services is evidence

that the rate is comparable to the market rate." *Perfect 10, Inc. v. Giganews, Inc.*, No. 11-07098, 2015 WL 1746484, at *5 (C.D. Cal. Mar. 25, 2015). Further, in an action under the Copyright Act, an award based on the actual rates charged by counsel has consistently been held to be reasonable under 17 U.S.C. § 505. *See, e.g., Kourtis v. Cameron*, 358 Fed. App'x. 863, 868 (9th Cir. 2009). This is because in such complex litigation "the parties can reasonably be expected to retain nationally respected law firms and nationally respected attorneys to pursue their interest in the litigation," which will result in "higher lodestars than normally seen in this district." *Pacquiao v. Mayweather*, 2012 WL 4092684, at *2 (D. Nev. 2012) (finding actual rates paid to California attorneys were "reasonable" and awarding them). As such, the court finds that the actual rates Oracle paid its attorneys - as established in the several declarations attached in support of Oracle's motion - are reasonable rates for this action.

Additionally, the reasonableness of the rates charged in this action is confirmed by both parties' decisions to hire national law firms. Their decisions to hire national firms reflects that the market for legal services for copyright infringement is a national market and that both parties believed only nationally-renowned firms that charged above market rates for this district could handle their cases. Therefore, the court finds that the actual rates charged by counsel in this action are reasonable rates.

Now, the issue turns to whether the amount of time billed in this case was reasonable. "[T]o determine whether attorneys for the prevailing party could have reasonably billed the hours they claim to their private clients, the district court should begin

with the billing records the prevailing party has submitted." *Gonzalez v. City of Maywood*, 729 F.3d 1196, 1202 (9th Cir. 2013). In its motion, Oracle argues that its billing records reflect a reasonable amount of time spent on this complex litigation, and that it has made conservative adjustments to the hours actually spent by counsel prior to submitting the records.

The court has reviewed Oracle's billing records and finds that Oracle has proffered sufficient evidence for the court to find that most of the time billed by counsel was reasonable for such complex litigation. However, as identified in detail by defendants' objections to evidence submitted in support of Oracle's motion,[5] Oracle's billing records do include some inconsistencies that violate regular billing practices and guidelines, such as improper block billing entries, though the court does not find Oracle's billing records nearly as "replete" with errors as defendants contend. *See, e.g., Welch v. Metro. Life Ins. Co.*, 480 F.3d 942, 948 (9th Cir. 2007) ("[B]lock billing makes it more difficult to determine how much time was spent on particular activities."). Rather than identify every instance of a mathematical error, block billing, or missing invoice, the court finds that a blanket reduction of the requested fees in the amount of 20% is appropriate and consistent with other attorneys' fee awards under similar situations.

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[5] Along with its opposition, defendants filed two separate objections to evidence submitted in support of Oracle's motion for attorneys' fees. ECF Nos. 1005, 1031. Unless and except as specified in the court's order, the court finds that the evidentiary objections are without merit or go to the weight the court should give the evidence in determining an award of attorneys' fees, rather than the admissibility of the evidence before the court.

See, e.g., *Huhmann v. FedEx Corp.*, 2015 WL 6127198, at *8 (S.D. Cal. Oct. 16, 2015) (30% reduction for improper billing entries); *eMove, Inc. v. SMD Software, Inc.*, 2012 WL 4856276, at *7 (D. Ariz. Oct. 11, 2012) (20% reduction for improper billing entries); *Gunderson v. Mauna Kea Prop., Inc.*, 2011 WL 9754085, at *10 (D. Haw. May 9, 2011) (20% reduction for improper billing entries). Therefore, reducing Oracle's request for fees by 20%, Oracle is entitled to recover $28,502,246.40 in attorneys' fees incurred in this action.[6]

C. Costs

As part of its motion for attorneys' fees, Oracle seeks recovery of both taxable and nontaxable costs. *See* ECF No. 917. First, Oracle seeks to recover $4,950,566.70 in taxable costs, which includes deposition costs, document recovery and storage, and electronic discovery costs. Under Rule 54(d) of the Federal Rules of Civil Procedure, unless a federal statute or court order provides otherwise, costs

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[6] Defendants argue that any fee award must be further reduced because Oracle did not achieve a result greater than their pre-trial Rule 68 offers. *See Lantz v. Kreider*, 2010 WL 2609080, at *5 (D. Nev. 2010) ("The proper course of action with respect to the unaccepted Rule 68 offer of judgment is to preclude plaintiff's recovery of that portion of fees and costs related to work on the . . . claim after the date of the offer."). The court disagrees. During the course of this action, Rimini offered Oracle three separate Rule 68 Offers of Judgment. Defendants contend that the second Rule 68 offer for $60 million and the third offer for $100 million are both more favorable than the roughly $52 million obtained at trial. However, the court finds that these offers, which did not include any injunctive relief and proposed payment over several years without interest, were not "more favorable" than the ultimate judgment Oracle obtained in this action.

should be awarded to the prevailing party. FED. R. CIV. P. 54(d)(1); *see also Ass'n of Mexican-Am. Educators v. State of California*, 231 F.3d 572, 591 (9th Cir. 2000). The court has reviewed Oracle's request for taxable costs and finds that they are recoverable and reasonable. *See* 28 U.S.C. § 1920. Therefore, the court shall award Oracle $4,950,566.70 in taxable costs.

Oracle also seeks to recover $17,636,755.68 in non-taxable costs. Section 505 of the Copyright Act permits a successful plaintiff to recover all costs incurred in litigation, not just taxable costs authorized by Rule 54(d) and 28 U.S.C. § 1920. *See Twentieth Century Fox Film Corp. v. Entm't Distrib.*, 429 F.3d 869, 885 (9th Cir. 2005). Here, Oracle's request for non-taxable costs includes litigation costs for expert witness fees, additional e-discovery fees not included under 28 U.S.C. § 1920, contract attorney services, jury consulting, and other non-taxable costs. As with Oracle's request for attorneys' fees, defendants object to several of the billing records and invoices submitted in support of Oracle's request.

The court has reviewed the documents and pleadings on file in this matter and finds that Oracle is entitled to an award of non-taxable costs in this action for the same reasons the court is awarding attorneys' fees. However, similar to the award of fees, the court finds that Oracle is entitled to only a reduced amount of fees for various billing issues, including lost or non-validated invoices, vague billing descriptions and vague work entries. Because of these limited errors, the court finds that an overall reduction of 25% for almost all non-taxable costs is warranted.

As to defendants' specific challenge regarding the expert witness fees of Oracle's damages expert Elizabeth Dean, the court finds that a reduction of 50% of her expert fees and costs is appropriate. The court makes this additional reduction because, prior to trial, Oracle withdrew Dean's testimony as to one of its two damages theories in response to a motion to exclude by defendants. Thus, at trial, Oracle only presented half of Dean's prepared testimony. The court finds that it would not be fair or equitable to require defendants to pay for expert witness testimony that was withdrawn in response to their challenge, especially in light of the fact that by that time in the litigation, defendants had already deposed Dean, rebutted her report with an expert of their own, and filed a motion to exclude her report. Defendants should not bear the costs of creating the withdrawn portions of Dean's expert report. Therefore, reducing Oracle's request for costs by 50% for the expert witness costs of Elizabeth Dean ($1,812,066.02 to $906,033.01) and 25% for the rest of Oracle's requested non-taxable costs ($15,824,689.66 to $11,868,517.25), the court finds that Oracle is entitled to recover $12,774,550.26 in additional non-taxable costs for this action. Accordingly, the court shall grant Oracle's motion for attorneys' fees and costs and award Oracle fees and costs in the amount of $46,227,363.36.

IT IS THEREFORE ORDERED that plaintiffs' motion for a preliminary injunction (ECF No. 900) is GRANTED in-part and DENIED in-part in accordance with this order. Plaintiffs shall have ten (10) days after entry of this order to prepare an appropriate permanent injunction that complies with the court's order and submit the same for signature.

IT IS FURTHER ORDERED that the clerk of court shall enter judgment in favor of plaintiffs Oracle America, Inc. and Oracle International Corporation and against defendants Rimini Street, Inc. and Seth Ravin on plaintiffs' ninth cause of action for unfair competition in violation of California's Unfair Competition Law.

IT IS FURTHER ORDERED that plaintiffs' motion for prejudgment interest (ECF No. 910) is GRANTED in-part and DENIED in-part in accordance with this order. Plaintiffs shall have ten (10) days after entry of this order to prepare an appropriate order setting prejudgment interest that complies with the court's order and submit the same for signature.

IT IS FURTHER ORDERED that plaintiffs' motion for attorneys' fees and costs (ECF No. 917) is GRANTED in accordance with this order. The clerk of court shall enter an award of attorneys' fees and costs in favor of plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation and against defendants Rimini Street, Inc. and Seth Ravin in the amount of $46,227,363.36.

IT IS SO ORDERED.

DATED this 21st day of September, 2016.

s/ Larry R. Hick
LARRY R. HICKS
UNITED STATES DISTRICT JUDGE

APPENDIX F

EXHIBIT A

Attorneys' Fees	**Dkt. 926, Ex. 1**	**Adjustments**	**Final**
Bingham and Morgan Lewis	$18,695,129.67[1]		$18,695,129.67
Boies Schiller	$12,542,840.00[2]	*-$6,480.00*[3]	$12,536,360.00
H5 & Huron	$4,360,943.20[4]		$4,360,943.20
Other (Black Letter, Barg Coffin)	$28,895.12[5]		$28,895.12
TOTAL ATTORNEYS' FEES	$35,627,807.99		**$35,621,327.99**
Taxable Costs			
Deposition Costs	$192,999.70[6]		$192,999.70
Stroz Fees for Oracle Productions	$4,757,561.00[7]	*-$1,515,279.45*[8]	$3,242,281.55

[1] Dkt. 923 ¶ 4; Dkt. 932 ¶¶ 7-8; Dkt. 937; Dkt. 939; Dkt. 972 4-5.

[2] Dkt. 924 ¶ 4; Dkt. 933 ¶¶ 3-4; Dkt. 973 ¶¶ 3-5, Ex. 1.

[3] Hixson Decl. ¶ 4.d; Richardson Decl. ¶ 19.

[4] Dkt. 923 ¶¶ 97-98.

[5] Dkt. 923 ¶¶ 99-100.

[6] Dkt. 923 ¶ 101.

Attorneys' Fees	**Dkt. 998, Ex. 1**	**Adjustments**	**Final**
TOTAL TAXABLE COSTS	$4,950,560.70		**$3,435,281.25**
Non-Taxable Costs			
Stroz Electronic Discovery Costs	$8,271,552.59[9]	*$1,515,279.45*[10]	$9,786,832.04
Expert Fees (Davis, AACG, Nodruoy, TMF)	$3,353,191.75[11]	*-$7,931.25*[12]	$3,345,260.50
Expert Fees (Elysium)	$4,466,899.61[13]	*-$815.00*[14]	$4,466,084.61
Other Consultant Fees (JRI)	$155,468.99[15]		$155,468.99
Other Consultant Fees	$159,369.10[16]		$159,369.10

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[7] Dkt. 923 ¶ 110.

[8] Hixson Decl. ¶ 4.b.

[9] Dkt. 923 ¶ 110.

[10] Hixson Decl. ¶ 4.b.

[11] Dkt. 923 ¶¶ 104-108; Dkt. 932 ¶¶ 5-6, 10.

[12] Hixson Decl. ¶ 4.a.

[13] Dkt. 924 ¶¶ 44-45; Dkt. 933 ¶ 6; Dkt. 973 ¶ 18, Ex. 1.

[14] Hixson Decl. ¶ 4.c; Richardson Decl. ¶¶ 22-23.

[15] Dkt. 923 ¶ 103; Dkt. 932 ¶ 4.

[16] Dkt. 924 ¶ 46, Ex. 1; Dkt. 973 ¶ 19.

Attorneys' Fees	**Dkt. 926, Ex. 1**	**Adjustments**	**Final**
Other Non-Taxable Costs	$585,485.44[17]		$585,485.44
Other Non-Taxable Costs	$644,788.20[18]	*-$1,409.20*[19]	$643,379.00
TOTAL NON-TAXABLE COSTS	$17,636,755.68		$19,141,879.68
TOTAL ATTORNEYS' FEES AND COSTS SOUGHT	$58,215,124.37	*-$16,635.45*	**$58,198,488.92**

[17] Dkt. 923 ¶ 101; Dkt. 972 ¶¶ 4-5.

[18] Dkt. 924 ¶ 42; Dkt. 973 ¶¶ 4, 15, Ex. 1.

[19] Hixson Decl. ¶ 4.d; Richardson Decl. ¶ 21.

APPENDIX G

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

* * *

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation;	:	DATE FILED: OCT 13 2015
Plaintiffs,	:	2:10-CV-0106-LRH-PAL
v.	:	VERDICT
RIMINI STREET, INC., a Nevada corporation; and SETH RAVIN, an individual;	:	
Defendants.	:	

Instructions: When answering the following questions and filling out this Verdict Form, please refer to the Jury Instructions for guidance on the law applicable to the subject matter covered by each question.

WE THE JURY, in the above-entitled case, unanimously find as follows:

INFRINGEMENT

Question 1: PeopleSoft Documentation

Has Oracle International Corporation proven by a preponderance of the evidence that Rimini Street engaged in copyright infringement by copying copyrighted PeopleSoft documentation in a manner not authorized by the terms of the PeopleSoft software license agreements that the Court has explained to you?

✓ Yes ___ No

Question 2: J.D. Edwards Software and Documentation

Has Oracle International Corporation proven by a preponderance of the evidence that Rimini Street engaged in copyright infringement by copying copyrighted J.D. Edwards software and documentation in a manner not authorized by the terms of the J.D. Edwards software license agreements that the Court has explained to you?

✓ Yes ___ No

Question 3: Siebel Software and Documentation

Has Oracle International Corporation proven by a preponderance of the evidence that Rimini Street engaged in copyright infringement by copying copyrighted Siebel software and documentation in a manner not authorized by the terms of the Siebel software license agreements that the Court has explained to you?

✓ Yes ___ No

Question 4: Contributory Infringement

Has Oracle International Corporation proven by a preponderance of the evidence that defendant Seth Ravin engaged in contributory copyright infringement of the following Oracle International Corporation copyrighted works?

PeopleSoft Software	___ Yes	✓ No
PeopleSoft Documentation	___ Yes	✓ No
J.D. Edwards Software and Documentation	___ Yes	✓ No
Siebel Software and Documentation	___ Yes	✓ No
Oracle Database	___ Yes	✓ No

Question 5: Vicarious Infringement

Has Oracle International Corporation proven by a preponderance of the evidence that defendant Seth Ravin engaged in vicarious copyright infringement of the following Oracle International Corporation copyrighted works?

PeopleSoft Software	___ Yes	✓ No
PeopleSoft Documentation	___ Yes	✓ No
J.D. Edwards Software and Documentation	___ Yes	✓ No
Siebel Software and Documentation	___ Yes	✓ No
Oracle Database	___ Yes	✓ No

COPYRIGHT INFRINGEMENT DAMAGES

Question 6: Actual Damages

What do you find is the best measure of Oracle International Corporation's actual damages for all acts of copyright infringement engaged in by defendant Rimini Street?

Lost Profits ___

Fair Market Value License ✓

Regardless of whether you find that Lost Profits or a Fair Market Value License is the best measure of actual damages in this action, please answer all three of the following questions concerning damages: Questions 6a, 6b, and 6c. Your answer to the damages question that you find is not the best measure of actual damages (either Lost Profits or a Fair Market Value License) is advisory to the court only.

Question 6a: Lost Profits

What amount of Lost Profits, if any, has Oracle International Corporation proven by a preponderance of the evidence for all acts of copyright infringement engaged in by defendant Rimini Street? If you found in Questions 1 through 3 that defendant Rimini Street did not engage in copyright infringement as to a particular copyrighted work, please do not consider that copyrighted work in your damages amount.

Total Lost Profits: $ 0

Question 6b: Defendant's Profits

What amount of Rimini Street's Profits, if any, has Oracle International Corporation proven by a preponderance of the evidence for all acts of copy-

right infringement engaged in by defendant Rimini Street? If you found in Questions 1 through 3 that defendant Rimini Street did not engage in copyright infringement as to a particular copyrighted work, please do not consider that copyrighted work in your damages amount.

Total Amount of Defendant's Profits: $ 0

Question 6c: Fair Market Value License

What amount do you find that Oracle International Corporation has proven by a preponderance of the evidence is the Fair Market Value License for all of the infringed copyrighted works? If you found in Questions 1 through 3 that defendant Rimini Street did not engage in copyright infringement as to a particular copyrighted work, please do not consider that copyrighted work in your damages amount.

Total value of a Fair Market Value License: $ 35,600,000

Question 7: Contributory Infringement Damages

If you found that defendant Seth Ravin engaged in contributory copyright infringement, which portion of the actual damages award that you awarded against Rimini Street do you find that defendant Seth Ravin is contributorily liable for? The actual damages award that you should use for this question is whichever damages theory - either Lost Profits or a Fair Market Value License - that you determined is the best measure of actual damages.

Contributory Damages Amount: $ 0

Question 8: Vicarious Infringement Damages

If you found that defendant Seth Ravin engaged in vicarious copyright infringement, which portion of the actual damages award that you awarded against Rimini Street do you find that defendant Seth Ravin is vicariously liable for? THe actual damages award that you should use for this question is whichever damages theory - either Lost Profits or a Fair Market Value License - that you determined is the best measure of actual damages.

Vicarious Damages Amount: $ 0

STATUTORY DAMAGES

Regardless of your verdict under the section Copyright Infringement Damages above, you must determine the amount of statutory damages under the Copyright Act. To determine the amount of statutory damages under the Copyright Act, please answer the following questions. Please note that in response to Questions 9 and 10, copyright infringement need not be innocent or willful, but can simply be infringement. Questions 9 and JO reflect your finding as to special considerations for determining statutory damages under the Copyright Act. After deliberating. it may be that your answers to both Questions 9 and 10 are No. Such an answer is acceptable and contemplated under the Copyright Act.

Question 9: Innocent Infringement

Do you find that defendant Rimini Street has proven by a preponderance of the evidence that its

infringement, if any, of the following copyrighted works was innocent as explained in the jury instruction titled Copyright Infringement - Damages - Innocent Infringement?

PeopleSoft Software ✓ Yes ___ No

PeopleSoft Documentation ✓ Yes ___ No

J.D. Edwards Software and Documentation ✓ Yes ___ No

Siebel Software and Documentation ✓ Yes ___ No

Oracle Database ✓ Yes ___ No

If you found that defendant Rimini Street engaged in innocent infringement as to all of the copyright infringement that it engaged in, skip Question 10. However, if you found that defendant Rimini Street did not engage in innocent infringement as to all of the copyright infringement that it engaged in, or that it engaged in innocent infringement as to only some of the copyright infringement that it engaged in, answer Question 10.

Question 10: Willful Infringement

Do you find that plaintiff Oracle International Corporation has proven by a preponderance of the evidence that defendant Rimini Street's infringement, if any, of the following copyrighted works was willful as explained in the jury instruction titled Copyright Infringement - Damages - Willful Infringement?

PeopleSoft Software ___ Yes ✓ No

PeopleSoft Documentation ___ Yes ✓ No

J.D. Edwards Software and Documentation
___ Yes ✓ No

Siebel Software and Documentation
___ Yes ✓ No

Oracle Database ___ Yes ✓ No

Question 11: Statutory Damages

You must now determine the amount of statutory damages to award Oracle International Corporation under the Copyright Act. There are 100 copyright registrations listed in your juror book. The parties have agreed that no more than 93 copyrighted works are eligible for statutory damages.

You may award any amount between $200 and $150,000 for each copyrighted work infringed depending upon your findings regarding intent in the above questions. If you found that the infringement as to a particular copyrighted work was innocent in Question 9, then you may award between $200 and $30,000 for each such copyrighted work. However, if you found that the infringement as to a particular copyrighted work was willful in Question 10, then you may award between $750 and $150,000 for each such copyrighted work.

The total number of copyrighted works for which statutory damages is awarded is: 93

The total amount to be awarded for statutory damages is: 2,790,000

Question 12: Contributory Infringement

If you found that defendant Seth Ravin engaged in contributory copyright infringement, what portion of the statutory damages award that you awarded

against Rimini Street do you find that defendant Seth Ravin is contributorily liable for?

Contributory Statutory Damages Amount: $ 0

Question 13: Vicarious Infringement

If you found that defendant Seth Ravin engaged in vicarious copyright infringement, what portion of the statutory damages award that you awarded against Rimini Street do you find that defendant Seth Ravia is vicariously liable for?

Vicarious Statutory Damages Amount: $ 0

INDUCING BREACH OF CONTRACT/ INTENTIONAL INTERFERENCE

Question 14: Inducing Breach of Contract

Do you find that plaintiff Oracle America, Inc. has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin induced customers of Oracle America, Inc. to breach their contracts with Oracle America. Inc.?

Rimini Street	___ Yes	✓ No
Seth Ravin	___ Yes	✓ No

If you answered yes to either defendant, what amount of damages did that breach of contract cause to Oracle America, Inc.? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 0
Seth Ravin	$ 0

Question 15: Intentional Interference - Oracle America, Inc.

Do you find that plaintiff Oracle America, Inc. has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin intentionally interfered with economic relationships between Oracle America, Inc. and customers that probably would have resulted in an economic benefit to Oracle America, Inc.?

Rimini Street	___ Yes	✓ No
Seth Ravin	___ Yes	✓ No

If you answered yes to either defendant what amount of damages did that intentional interference cause to Oracle America, Inc.? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 0
Seth Ravin	$ 0

Question 16: Intentional Interference - Oracle International Corporation

Do you find that plaintiff Oracle International Corporation has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin intentionally interfered with economic relationships between Oracle International Corporation and customers that probably would have resulted in an economic benefit to Oracle International Corporation?

Rimini Street	___ Yes	✓ No
Seth Ravin	___ Yes	✓ No

If you answered yes to either defendant what amount of damages did that intentional interference cause to Oracle International Corporation? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 0
Seth Ravin	$ 0

COMPUTER ACCESS CLAIMS

Question 17: California Computer Data Access and Fraud Act - Oracle America, Inc.

Do you find that Oracle America, Inc. has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin violated the California Computer Data Access and Fraud Act as explained in the jury instructions?

Rimini Street	✓ Yes	___ No
Seth Ravin	✓ Yes	___ No

If you answered yes to either defendant what amount of damages did that violation of the California Computer Data Access and Fraud Act cause to Oracle America, Inc.? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 8,827,000
Seth Ravin	$ 8,827,000

Question 18: California Computer Data Access and Fraud Act - Oracle International Corporation

Do you find that plaintiff Oracle International Corporation has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin violated the California Computer Data Access and Fraud Act as explained in the jury instructions?

Rimini Street	✓ Yes	___ No
Seth Ravin	✓ Yes	___ No

If you answered yes to either defendant what amount of damages did that violation of the California Computer Data Access and Fraud Act cause to Oracle International Corporation? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 5,600,000
Seth Ravin	$ 5,600,000

Question 19: Nevada Computer Crimes Law - Oracle America, Inc.

Do you find that Oracle America, Inc. has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin violated the Nevada Computer Crimes Law as explained in the jury instructions?

Rimini Street	✓ Yes	___ No
Seth Ravin	✓ Yes	___ No

If you answered yes to either defendant what amount of damages did that violation of the Nevada Computer Crimes Law cause to Oracle America.

Inc.? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 8,827,000
Seth Ravin	$ 8,827,000

Question 20: Nevada Computer Crimes Law - Oracle International Corporation

Do you find that plaintiff Oracle International Corporation has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin violated the Nevada Computer Crimes Law as explained in the jury instructions?

Rimini Street	✓ Yes	___ No
Seth Ravin	✓ Yes	___ No

If you answered yes to either defendant what amount of damages did that violation of the Nevada Computer Crimes Law cause to Oracle International Corporation? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 5,600,000
Seth Ravin	$ 5,600,000

NON-DUPLICATIVE DAMAGES

Question 21: Non-Duplicative Damages - Oracle America, Inc.

If you found that Oracle America, Inc. suffered damages as a result of defendant Rimini Street and/or Seth Ravin's conduct you must now determine the total amount of damages that is not duplicative of any other damages award in your verdict as ex-

plained in the jury instruction titled Verdict Form - Duplicative Damages. In determining this amount, you should exclude the amount awarded for Statutory Damages as well as the amount awarded, if any, for whichever damages theory you determined was not the best measure of actual damages for copyright infringement (either Lost Profits or a Fair Market Value License). The total amount of non-duplicative damages to be awarded to Oracle America, Inc. against each defendant is as follows:

Rimini Street	$ 8,827,000
Seth Ravin	$ 8,827,000

Question 22: Non-Duplicative Damages - Oracle International Corporation

If you found that Oracle International Corporation suffered damages as a result of defendant Rimini Street and/or Seth Ravin's conduct you must now determine the total amount of damages that is not duplicative of any other damages award in your verdict as explained in the jury instruction titled Verdict Form - Duplicative Damages. In determining this amount, you should exclude the amount awarded for Statutory Damages as well as the amount awarded, if any, for whichever damages theory you determined was not the best measure of actual damages for copyright infringement (either Lost Profits or a Fair Market Value License). The total amount of non-duplicative damages to be awarded to Oracle International Corporation against each defendant is as follows:

Rimini Street	$ 41,200,000
Seth Ravin	$ 5,600,000

PUNITIVE DAMAGES

If you found that Oracle America, Inc. and/or Oracle International Corporation has proven by a preponderance of the evidence that defendant Rimini Street is liable for intentional interference with prospective economic advantage (Questions 15 and 16), violating the California Computer Data Access and Fraud Act (Questions 17 and 18), or violating the Nevada Computer Crimes Law (Questions 19 and 20) please answer the following question.

Question 25: Punitive Damages - Rimini Street

Has Oracle America, Inc. and/or Oracle International Corporation proven by clear and convincing evidence that defendant Rimini Street engaged in malice, oppression, or fraud such that punitive damages against this defendant is warranted?

___ Yes ✓ No

If you found that Oracle America. Inc. and/or Oracle International Corporation has proven by a preponderance of the evidence that defendant Seth Ravin is liable for intentional interference with prospective economic advantage (Questions 15 and 16), violating the California Computer Data Access and Fraud Act (Questions 17 and 18), or violating the Nevada Computer Crimes Law (Questions 19 and 20) please answer the following question.

Question 26: Punitive Damages - Seth Ravin

Has Oracle America, Inc. and/or Oracle International Corporation proven by clear and convincing evidence that defendant Seth Ravin engaged in malice, oppression, or fraud such that punitive damages against this defendant is warranted?

___ Yes ✓ No

You have now completed the Verdict Form. Have your foreperson date and sign the form below. Then, inform the court security officer that you have reached a unanimous verdict. Do not give the envelope to the bailiff. Your foreperson should retain possession of the Verdict Form until it is requested by the judge when the court reconvenes.

Dated this 13 day of October, 2015

JURY FOREPERSON

APPENDIX H

17 U.S.C. § 505. Remedies for infringement: Costs and attorney's fees

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

* * *

28 U.S.C. § 1821. Per diem and mileage generally; subsistence

(a)(1) Except as otherwise provided by law, a witness in attendance at any court of the United States, or before a United States Magistrate Judge, or before any person authorized to take his deposition pursuant to any rule or order of a court of the United States, shall be paid the fees and allowances provided by this section.

(2) As used in this section, the term "court of the United States" includes, in addition to the courts listed in section 451 of this title, any court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States.

(b) A witness shall be paid an attendance fee of $40 per day for each day's attendance. A witness shall also be paid the attendance fee for the time necessarily occupied in going to and returning from the place of attendance at the beginning and end of

such attendance or at any time during such attendance.

(c)(1) A witness who travels by common carrier shall be paid for the actual expenses of travel on the basis of the means of transportation reasonably utilized and the distance necessarily traveled to and from such witness's residence by the shortest practical route in going to and returning from the place of attendance. Such a witness shall utilize a common carrier at the most economical rate reasonably available. A receipt or other evidence of actual cost shall be furnished.

(2) A travel allowance equal to the mileage allowance which the Administrator of General Services has prescribed, pursuant to section 5704 of title 5, for official travel of employees of the Federal Government shall be paid to each witness who travels by privately owned vehicle. Computation of mileage under this paragraph shall be made on the basis of a uniformed table of distances adopted by the Administrator of General Services.

(3) Toll charges for toll roads, bridges, tunnels, and ferries, taxicab fares between places of lodging and carrier terminals, and parking fees (upon presentation of a valid parking receipt), shall be paid in full to a witness incurring such expenses.

(4) All normal travel expenses within and outside the judicial district shall be taxable as costs pursuant to section 1920 of this title.

(d)(1) A subsistence allowance shall be paid to a witness when an overnight stay is required at the place of attendance because such place is so far removed from the residence of such witness as to prohibit return thereto from day to day.

(2) A subsistence allowance for a witness shall be paid in an amount not to exceed the maximum per diem allowance prescribed by the Administrator of General Services, pursuant to section 5702(a) of title 5, for official travel in the area of attendance by employees of the Federal Government.

(3) A subsistence allowance for a witness attending in an area designated by the Administrator of General Services as a high-cost area shall be paid in an amount not to exceed the maximum actual subsistence allowance prescribed by the Administrator, pursuant to section 5702(c)(B) of title 5, for official travel in such area by employees of the Federal Government.

(4) When a witness is detained pursuant to section 3144 of title 18 for want of security for his appearance, he shall be entitled for each day of detention when not in attendance at court, in addition to his subsistence, to the daily attendance fee provided by subsection (b) of this section.

(e) An alien who has been paroled into the United States for prosecution, pursuant to section 212(d)(5) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(5)), or an alien who either has admitted belonging to a class of aliens who are deportable or has been determined pursuant to section 240 of such Act (8 U.S.C. 1252(b)) to be deportable, shall be ineligible to receive the fees or allowances provided by this section.

(f) Any witness who is incarcerated at the time that his or her testimony is given (except for a witness to whom the provisions of section 3144 of title 18 apply) may not receive fees or allowances under this section, regardless of whether such a witness is

incarcerated at the time he or she makes a claim for fees or allowances under this section.

* * *

28 U.S.C. § 1920. Taxation of costs

A judge or clerk of any court of the United States may tax as costs the following:

(1) Fees of the clerk and marshal;

(2) Fees for printed or electronically recorded transcripts necessarily obtained for use in the case;

(3) Fees and disbursements for printing and witnesses;

(4) Fees for exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case;

(5) Docket fees under section 1923 of this title;

(6) Compensation of court appointed experts, compensation of interpreters, and salaries, fees, expenses, and costs of special interpretation services under section 1828 of this title.

A bill of costs shall be filed in the case and, upon allowance, included in the judgment or decree.

* * *

No. 17-1625

In the Supreme Court of the United States

RIMINI STREET, INC., et al.,

Petitioners,

v.

ORACLE USA, INC., et al.,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF IN OPPOSITION

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QUESTION PRESENTED

The Copyright Act provides that a court "in its discretion may allow the recovery of full costs" to a prevailing party. 17 U.S.C. §505. That "full costs" language stands in contrast to the default federal cost-shifting statute, under which courts may "tax as costs" only certain enumerated litigation expenses—generally known as "taxable costs." *See* 28 U.S.C. §1920.

The question presented is:

Whether the Copyright Act, which gives courts "discretion" to award prevailing parties their "full costs," authorizes recovery of the full range of litigation costs, or authorizes recovery of only those costs that are taxable under 28 U.S.C. §1920.

PARTIES TO THE PROCEEDING

Petitioners, and defendants below, are Rimini Street, Inc., and Seth Ravin.

Respondents, and plaintiffs below, are Oracle America, Inc., and Oracle International Corporation. Although Oracle USA, Inc., continues to be named in the case caption as a plaintiff, that entity no longer exists.

CORPORATE DISCLOSURE STATEMENT

Oracle Corporation is the ultimate parent company of Oracle America, Inc., and Oracle International Corporation. Oracle Corporation also was the ultimate parent of Oracle USA, Inc., but that entity no longer exists. Oracle Corporation wholly owns, through one or more of its privately-held, wholly-owned subsidiaries, Oracle America, Inc. and Oracle International Corporation. No other publicly held corporation owns 10% or more of the stock in Oracle America, Inc., or Oracle International Corporation.

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INTRODUCTION

This case is the poster child for why Congress gave courts "discretion" to award prevailing parties in copyright cases their "full costs." 17 U.S.C. §505. Petitioners are conspicuously silent as to *why* the district court exercised its discretion to award both taxable and non-taxable costs (and attorneys' fees) in this case—and understandably so, as both the fact of the award and its size were a direct result of their egregious litigation misconduct. Upon learning that they were likely to be sued for infringing Oracle's copyrights, petitioners responded by destroying the evidence of their serial infringement—a library of ill-gotten copies of Oracle's copyrighted materials that was twice the size of the Library of Congress. Petitioners then repeatedly denied under oath the core conduct underlying this lawsuit—only to reverse course and confess at trial that these past denials were false. As a direct result of this (now conceded) destruction and dissembling, Oracle was forced to spend millions of dollars on experts who painstakingly pieced together copious evidence of extensive copying that petitioners no longer even bother to deny. *That* is why Oracle had non-taxable costs in excess of $17 million in this case, and *that* is why the district court exercised is discretion to award Oracle 75% of those costs.

Unable to muster any serious attack on the district court's exercise of its discretion under §505, petitioners now ask this Court to eliminate that discretion altogether. Invoking a shallow and stale circuit split, petitioners ask this Court to resolve whether §505 means what it says when it allows

recovery of "full costs," or whether it actually allows only "recovery of those costs set forth in 28 U.S.C. §1920," the general federal cost-shifting statute. The Ninth Circuit first adopted in 2005 the plain-meaning position petitioners now question. This Court denied certiorari in response to a petition in that case that did not even include the costs question among the questions presented. In the ensuing years, no court of appeals has needed to squarely address the question. Nor has any court of appeals even cited, let alone followed, the two per curiam opinions (now 17 and 22 years old) the Ninth Circuit declined to follow more than a decade ago. This stale and shallow split hardly cries out for this Court's review.

In all events, even if this Court were inclined to resolve the question presented, this would be a poor vehicle to do so. The complete absence of amicus support suggests either that the issue is unimportant or that no one favoring petitioners' position wants this case involving egregious litigation misconduct to be the test case (or both). Petitioners are facing more than $20 million in costs because, in addition to infringing Oracle's copyrights to the tune of $35.6 million, they destroyed evidence and lied about their misdeeds. If the question presented is truly important and recurring, a case with less egregious facts and a petitioner more deserving of this Court's limited time and resources (say, a prevailing copyright holder who was *denied* considerable non-taxable costs) undoubtedly will come along soon enough. And if such a petitioner does not materialize, it will only underscore that the question does not merit this Court's attention. Either way, the Court should deny the petition.

STATEMENT OF THE CASE

A. Factual Background

This case arises out of Rimini's adjudicated and no-longer-contested serial infringement of 93 of Oracle's copyrights. Oracle develops and licenses an extensive suite of enterprise software programs that customers use to perform critical business functions. As is typical in the industry, Oracle does not sell ownership rights to its enterprise software. Customers purchase licenses that enable them to use specific programs and to access sites containing support materials for those programs, while Oracle retains all intellectual property rights in its works. Those licenses impose strict limits on copying Oracle's software and even stricter limits on access, use, or copying of the software and support materials by third parties, including third parties who provide software support.

Rimini was founded in 2005 by Seth Ravin. Unlike Oracle, which spends billions of dollars on research and development and employs more than 30,000 software engineers who write new programs as well as patches, fixes, and updates for Oracle's existing software offerings, Rimini does not develop or license its own enterprise software. Instead, Rimini competes with Oracle to provide support services to customers who use Oracle's copyrighted enterprise software. Pet.App.5a.

Rimini is not the first business of Ravin's to try to compete with Oracle in the market for supporting Oracle's software. Nor is it the first business of Ravin's to try to do so by engaging in serial copyright infringement. Before starting Rimini, Ravin was

president of TomorrowNow, Inc., a company that, like Rimini, provided support services to Oracle licensees. Also like Rimini, TomorrowNow provided those support services at prices well below what Oracle charged. But that discount came at the expense of Oracle and the copyright laws, as TomorrowNow developed its "servicing" business by unlawfully copying Oracle's copyrighted software on a massive scale. *See* Supplemental Excerpts of Record on Appeal ("SER") 376, 382-85, 421.

Indeed, shortly after TomorrowNow was acquired by software conglomerate SAP, SAP not only shut the company down upon concluding that its basic business model was unlawful, but also stipulated to civil *and criminal* liability based on TomorrowNow's activities during Ravin's time at the helm. After extensive litigation, SAP ultimately paid Oracle in excess of $300 million, on top of the $20 million it paid the government in criminal fines. *See* Amended Judgment ¶1, *Oracle Corp. v. SAP AG*, No. 07-CV-1658 (N.D. Cal. Nov. 14, 2014), Dkt.1251.[1] And Ravin himself was held in contempt of court in the SAP litigation for refusing to answer questions about what happened at TomorrowNow on his watch. *See* Reporter's Transcript of Jury Trial, Day 4 (D. Nev. Sept. 17, 2015), Dkt.792 at 541-45.

Remarkably, criminal liability, civil liability, and contempt of court did not motivate Ravin to change his basic methods. Instead, his new company promptly began serially infringing Oracle's copyrights all over

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[1] *See also* FBI Press Release, *TomorrowNow, Inc., Sentenced on Computer Intrusion and Copyright Infringement Charges* (Sept. 14, 2011), http://bit.ly/2kVbc0j.

again. One of the first things Rimini did was to pay one of Ravin's childhood friends to become an Oracle "customer." SER.253, 374-77. Rimini then used this fake customer's log-in credentials to access Oracle's customer-only support sites and download and copy materials that it could use to provide support to actual customers if and when it got them. SER.447-48, 514.

That was just the beginning of Rimini's efforts to stockpile a massive library of unlawfully copied Oracle software. After Rimini discovered that Oracle did "not 'check' the [downloader's] info entered against any license agreement" on certain of its support sites, Rimini's employees began falsely representing on those sites that they possessed licenses to access them. SER.368-69. They then "help[ed] [themselves] to the buffet," to use Rimini's own words, downloading massive amounts of copyrighted material without paying a nickel. SER.248-53, 368-69. Indeed, Rimini used this tactic to download material from a support site for a software program for which *none* of its customers possessed a license at the time. SER.134, 379 And once Rimini did have customers with legitimate Oracle licenses, it used those customers' credentials to obtain dozens of copies of Oracle software installation media by falsely claiming that *Rimini's* address was the customer's "secondary offsite backup location." Excerpts of Record on Appeal ("ER") 78.

These are not the only ways Rimini copied Oracle's copyrighted software in violation of the terms of Oracle's licenses and support sites (not to mention the Copyright Act). Although Oracle expressly prohibited licensees (which Rimini itself, of course,

was not) from using automated downloading tools on its support sites, Ravin directed Rimini employees to use such tools to download millions of protected files. SER.133, 384-92, 412-14. Rimini's downloading through these tools became so intense that it crashed an Oracle system, prompting Oracle to block Rimini's IP address and send a cease and desist letter. ER.38, 238-40. Upon learning that Oracle was "onto us for massive download volumes," rather than desist, Rimini doubled down: It began using multiple virtual machines to download the remaining files as quickly as possible, and instructed employees to do this downloading from their personal residences (rather than Rimini's IP address) to avoid detection. ER.238-40, 976-77, 998-99, 1155-56; SER.133, 263.

All told, Rimini developed a library of copies of Oracle software and support materials that was "approximately a couple times the size of ... all of the books in the Library of Congress." SER.446. These ill-gotten materials formed the backbone of Rimini's business. Instead of abiding by the restrictions in Oracle's licenses, which allowed a licensee (or a third party supporting it) to access, use, and copy support materials only to support the licensee's own business operations, Rimini used its massive library of copyrighted materials to create environments (copies of the software that petitioners "modified to develop and test software updates") for customers without regard to whose license was used to obtain the underlying software. ER.94 n.4. Petitioners then engaged in even more unlicensed copying, "cloning" environments built for one customer (which they hosted on their own servers, also in contravention of the license terms) for other customers. Petitioners

had hundreds of environments on their servers, each one containing hundreds, if not thousands, of exact copies of Oracle software. SER.254-57, 269, 356-60, 373, 447-48, 454, 483, 514.

Nothing was ambiguous about the nature of this activity; even Rimini's own lawyer told Ravin, "You have to admit this looks pretty bad." ER.474. Nor was the reason for all this unauthorized copying ambiguous: It enabled Rimini, in the words of one its employees, to "mak[e] a crap load of money from" selling services built around Oracle's intellectual property. ER.68-69. To be clear, Rimini *could have* respected the terms of the licenses and *could have* complied with Oracle's terms of use. But that would have taken a great deal of money and time, and thus would have prevented Rimini from offering its services at cut-rate prices. In short, as the district court found, "Rimini's business model was built entirely on its infringement of Oracle's copyrighted software and its improper access and downloading of data from Oracle's website and computer systems, and Rimini would not have achieved its ... market share and business growth without these infringing and illegal actions." Pet.App.49a.

B. Proceedings Below

In 2010, Oracle sued petitioners for copyright infringement, violations of California's and Nevada's computer-abuse laws, and other related claims. Petitioners responded by admitting that they had copied at least some of Oracle's copyrighted software, but claimed that all of their copying was authorized by licensing agreements between Oracle and Rimini's

customers.[2] In particular, petitioners insisted that they never engaged in "cross-use"—*i.e.*, using one licensee's copy of Oracle's copyrighted software to provide support services to other customers.

Throughout the litigation, petitioners went to great lengths to prevent Oracle and the court from discovering the true nature of their conduct. First, despite having been on notice of litigation, Rimini "affirmatively and irretrievably deleted" its massive library of intermingled copies of Oracle software and support materials. SER.132. That spoliation, which petitioners initially tried to cover up but ultimately admitted, made it impossible to identify the source of the thousands of software copies that Rimini used to build the myriad development environments.

Second, petitioners repeatedly—and adamantly—lied about cross-use. Ravin initially testified about cross-use at Rimini in a deposition in the *SAP* litigation (which went forward only after he was held in contempt of court for resisting discovery, *see supra*), where he insisted that Rimini *never* cross-used Oracle's software. SER.398-402. Ravin repeated that denial in his deposition in this case, stating emphatically that "[n]ever in the entire history of Rimini" did "it ever occur[] that one customer's software environment ha[d] been used to develop a fix or update that was ultimately delivered to a different customer." SER.627; *see* SER.413-14. Rimini's Rule

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[2] Petitioners also claimed that, to the extent those licenses did not authorize their copying, the licenses constituted copyright misuse. The district court dismissed petitioners' copyright misuse counterclaim at the outset, a holding that the Ninth Circuit ultimately affirmed.

30(b)(6) designee likewise testified that "all the development" at Rimini "is done for a particular customer in that customer's environment using that customer's files." SER.507. Rimini made the same representations to the district court, insisting that "each client is assigned a separate data 'silo' where Oracle Software and Support Materials for only that client are maintained." SER.73-74.

As it turned out, those were all lies. Notwithstanding petitioners' destruction of Rimini's massive software library, Oracle painstakingly pieced together evidence conclusively proving that Rimini regularly used one customer's "development environments ... to develop and test software updates for ... *other Rimini customers*." ER.100 (emphasis added). When confronted at trial with this evidence, Ravin pivoted, blithely admitting that Rimini engaged in cross-use "all the time" and that his earlier deposition testimony denying as much was false. ER.1225; *see* SER.410-16. Another Rimini witness similarly admitted that the materials in the library Rimini destroyed were not organized by customer, meaning that Rimini had no way of knowing to whom any of the software actually belonged. SER.354, 452-54, 459.

In light of the overwhelming evidence of copyright infringement (including petitioners' own belated admissions), Oracle prevailed at trial on all 93 of its copyright claims against Rimini. Oracle also prevailed against both Rimini and Ravin on its computer abuse claims. To remedy Rimini's massive copyright infringement, the jury awarded Oracle the fair market value of a hypothetical license, which it

measured at $35,600,000. Pet.App.80a. The jury also awarded $14,400,000 in lost profits on the state-law computer abuse claims, plus $27,000 for the costs of investigating petitioners' conduct. Pet.App.87a-88a.

The district court awarded Oracle $28,502,246.40 in attorneys' fees, applying a 20% across-the-board discount. The court also awarded $4,950,566.70 in taxable costs and $12,774,550.26 in non-taxable costs—25% less than what Oracle sought—much of which stemmed from discovery and expert expenses attributable to countering petitioners' destruction and dissembling. Pet.App.69a-71a. The court also awarded Oracle $22,491,636.16 in prejudgment interest on the copyright award and $5,279,060.12 in prejudgment interest on the state-law awards. Pet.App.27a. Finally, the court permanently enjoined Rimini from further copying the software in violation of Oracle's licenses, and also enjoined Rimini and Ravin from accessing Oracle servers in violation of its terms of use. Pet.App.38a-39a.

The Ninth Circuit affirmed the jury's copyright verdict and copyright damages award. Pet.App.1a-35a. The court relieved Rimini of state-law computer abuse liability, reaching the dubious conclusion that knowingly *taking* digital data from a website in an unauthorized manner does not violate either statute so long as the user has authorization to *access* the website.[3] Pet.App.22a-26a. The court affirmed the

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[3] *But see Mount Olympus Mortg. Co. v. Anderson*, No. 30-2014-00729438, 2016 WL 6157099, at *3 (Cal. Super. Ct. Sept. 19, 2016) (rejecting argument that §502(c) is "not meant to apply or create liability where a person has been given permission to

award of costs, which included both taxable and non-taxable costs, and affirmed the prejudgment interest award.[4] Pet.App.27a-30a, 32a-33a. "In view of [its] conclusion that there was no violation of the state computer laws," the court vacated and remanded for reconsideration of the injunction and the amount of attorneys' fees. Pet.App.30a-31a. In doing so, however, the court neither embraced nor even offered any support for petitioners' arguments that the initial fees award was excessive or that the initial injunction was overbroad.

Petitioners sought en banc review "on whether non-taxable costs are awardable under the Copyright Act" and "to clarify the appropriate date for establishing the prejudgment interest rate in copyright cases." Petition for Rehearing En Banc, Dkt.91 at i (9th Cir. Jan. 22, 2018) (capitalization altered). The petition was denied without any noted dissent. Pet.App.36a-37a.

REASONS FOR DENYING THE PETITION

This is neither the time nor the case for this Court to resolve whether Congress meant what it said in §505 of the Copyright Act when it authorized recovery of a prevailing party's "full costs." Thirteen years ago, the Ninth Circuit held that "full costs" does indeed mean "full costs," disagreeing with two short per

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access computers or computer systems in question and through that authorized access violates some terms of use agreement").

[4] The panel reduced the taxable costs award by approximately $1.5 million because, as Oracle conceded, the district court "read the wrong column when it awarded ... taxable costs" and thus inadvertently counted $1.5 million in non-taxable costs as taxable costs. Pet.App.32a-33a.

curiam opinions from other circuits that had reached the opposite conclusion. In the 13 years since, not a single court of appeals has disagreed—likely because the issue is neither important nor recurring, and because the conclusion that full means full is compelled by the plain text of the statute and is entirely consistent with this Court's costs cases. With neither text nor precedent on their side, petitioners resort to statutory and legislative history, insisting that the Copyright Act has long had some idiosyncratic view of the term "full costs." In fact, the history of §505 only reinforces that Congress has always intended "full costs" to mean "full costs."

The unusual facts of this case also make it a particularly poor candidate for this Court's plenary review. Petitioners are facing a $12 million non-taxable costs award largely because their egregious litigation misconduct—intentional spoliation of evidence and lying under oath to cover up their infringement—forced Oracle to expend an extraordinary amount of resources proving conduct that petitioners now no longer even deny. That is presumably at least part of the reason why their petition has attracted no amicus support. The egregious nature of petitioners' misconduct both before and during the litigation makes this a highly atypical case and a poor vehicle for review, especially from the standpoint of anyone supporting petitioners' view of the statute. To the extent the marginal disagreement among the lower courts about how to interpret §505 will ever merit this Court's review, this is not the case to consider the question. Indeed, the only result of granting certiorari here would be to force Oracle to expend even more time and resources

fending off petitioners' doomed efforts to take responsibility for the full extent of their illicit actions.

I. There Is No Meaningful Circuit Conflict That Warrants This Court's Review.

Federal courts may award two types of costs to civil litigants. The first are "taxable costs," so called because 28 U.S.C. §1920 authorizes "[a] judge or clerk of any court of the United States" to "tax as costs" a narrowly circumscribed set of litigation expenses, including fees for court reporters, fees for printing and docketing, and fees for witnesses, interpreters, and court-appointed experts. *See Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437, 441 (1987) ("Section 1920 enumerates expenses that a federal court may tax as a cost."); *see also* 28 U.S.C. §1821 (providing rate limitations for certain taxable costs and enumerating which travel expenses for witnesses may "be taxable as costs"); 28 U.S.C. §1923 (enumerating which docketing fees "may be taxed as costs"). "Taxable costs" encompass only a fraction of a litigant's full costs. *Taniguchi v. Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 573 (2012). By contrast, most familiar expenses associated with litigation—investigative fees, fees for party-retained experts, and so on—fall under the heading of "non-taxable costs."

While non-taxable costs are not available under 28 U.S.C. §1920, they may be awarded if a separate statute allows for them. Thirteen years ago, the Ninth Circuit concluded that §505 of the Copyright Act does just that, as it expressly gives courts "discretion" to award a prevailing party its "full costs." *See Twentieth Century Fox Film Corp. v. Entm't Distrib.*, 429 F.3d 869, 884 (9th Cir. 2005) (quoting 17 U.S.C. §505), *cert.*

denied sub nom., *Dastar Corp. v. Random House, Inc.*, No. 05-1259 (U.S. June 26, 2006). In reaching that conclusion, the Ninth Circuit did not follow the per curiam opinions in *Pinkham v. Camex, Inc.*, 84 F.3d 292 (8th Cir. 1996), and *Artisan Contractors Association of America, Inc. v. Frontier Insurance Co.*, 275 F.3d 1038 (11th Cir. 2001), both of which concluded that "full costs" actually means only "taxable costs." The defendant in *Twentieth Century Fox* filed a petition for certiorari, and yet the costs issue was not even one of the questions presented. *See* Pet. for Cert., *Dastar Corp.*, No. 05-1259 (U.S. filed Mar. 28, 2006). And in the 13 years since the Court denied certiorari, no court of appeals has questioned the wisdom of *Twentieth Century Fox*, let alone embraced the dubious position that "full costs" means only a relatively small subset of costs.

To the contrary, as petitioners acknowledge (at 8 n.2), the three other circuits that have confronted the issue have all agreed with the Ninth Circuit. The Sixth Circuit affirmed an award of non-taxable costs under §505 in *Coles v. Wonder*, 283 F.3d 798, 803 (6th Cir. 2002). The First Circuit held in *InvesSys, Inc. v. McGraw-Hill Cos.*, 369 F.3d 16, 22-23 (1st Cir. 2004), that "reimbursement of computer-assisted research," which is not included among taxable costs in 28 U.S.C. §1920, is recoverable under §505. And the Seventh Circuit recognized in dictum in *Susan Wakeen Doll Co. v. Ashton Drake Galleries*, 272 F.3d 441, 458 (7th Cir. 2001), that "non-taxable costs" "must come through" §505 "[i]n a copyright action." *See also BMG Rights Mgmt. (US) LLC v. Cox Commc'ns, Inc.*, 234 F. Supp. 3d 760, 778 (E.D. Va. 2017) (citing *Susan Wakeen Doll* as in "accord" with *Twentieth Century Fox*), *vacated on*

other grounds, 881 F.3d 293 (4th Cir. 2018). None of those decisions even cited, let alone followed, the two per curiam opinions with which *Twentieth Century Fox* disagreed.

That should come as no surprise, as those opinions contain little reasoning in support of their results. The Eighth Circuit's per curiam opinion in *Pinkham* merely states in conclusory terms that Congress' use of the phrase "full costs" does not "evidence[a] congressional intent to treat 17 U.S.C. §505 costs differently from costs authorized in other statutes." 84 F.3d at 295. The court never explained how "full costs" might mean something other than *full* costs, or how to reconcile the canon against surplusage with its reading the word "full" out of the statute. The court indicated that its paucity of reasoning flowed from a paucity of briefing, noting that "[t]he parties ha[d] not directed [the court] to any authority discussing the source or meaning of 'full costs' in 17 U.S.C. §505." *Id.*

The Eleventh Circuit, for its part, spent two paragraphs summarizing this Court's then-most recent costs case, and then simply noted, without further explanation: "The Eighth Circuit held that expert witness fees taxable as costs pursuant to §505 are limited as provided in 28 U.S.C. §§1920 and 1821(b). We agree." *Artisan Contractors*, 275 F.3d at 1038-40. Petitioners' "direct and acknowledged circuit split" thus boils down to a disagreement with two per curiam opinions issued 17 and 22 years ago that, between them, contain about two sentences of reasoning and have not been followed by a single court of appeals since.

Unable to muster much of a circuit split, petitioners resort to invoking a district split. But this Court is not in the business of resolving division among the district courts. If anything, the fact that district courts are addressing the issue in circuits that have not yet done so is an indication that further percolation is both necessary and appropriate.

II. The Decision Below Is Correct.

There is also no need for this Court to intervene in this case because the decision below is plainly correct. The Copyright Act provides that a court "in its discretion may allow the recovery of full costs." 17 U.S.C. §505. As the Ninth Circuit correctly concluded, this case begins and ends with the plain text of the statute: "Full costs" means *full* costs, not, as petitioners would have it, only *some* costs. Any other conclusion would read the term "full" out of the statute. Contrary to petitioners' contentions, that plain-text reading of the statute is in accord with this Court's precedents and the history of the Copyright Act, both of which reinforce the conclusion that §505 means exactly what it says.

A. The Ninth Circuit's Interpretation of §505 Is Entirely Consistent With This Court's Precedents.

Petitioners contend that the Ninth Circuit's plain-text reading of §505 "cannot be reconciled with this Court's holdings and reasoning in *Crawford Fitting*, *Casey*, and *Murphy*." Pet.12. They are mistaken. None of those cases concerned (or even mentioned) the term "full costs" or §505 of the Copyright Act. If anything, these cases only reinforce the conclusion

that a statute that expressly provides for recovery of "full costs" does exactly that.

Starting with *Crawford Fitting*, the question in that employment discrimination suit was whether Federal Rule of Civil Procedure 54(d)—which at the time provided, in relevant part, that "costs shall be allowed as of course to the prevailing party"—authorized courts to award costs "above and beyond" those set forth in 28 U.S.C. §1920.[5] *Crawford Fitting*, 482 U.S. at 441. The Court held that Rule 54(d) did not give courts "discretion to tax whatever costs may seem appropriate," for if it did, "then §1920, which enumerates the costs that may be taxed, [would] serve[] no role whatsoever." *Id.* At the same time, however, the Court recognized that Congress can certainly expand by separate statute the universe of recoverable costs in claims brought under that specific statute. *Crawford Fitting* thus does nothing more than set a default: In cases governed by Rule 54(d), a prevailing party can recover only the limited categories of costs that may be taxed under 28 U.S.C. §1920. But in cases where costs are authorized by a separate statute, that separate statute controls.

The Ninth Circuit's decision in *Twentieth Century Fox* is entirely in accord with *Crawford Fitting* (unsurprisingly, since the latter was decided more than a decade before the former). The Ninth Circuit concluded that §505 is exactly the sort of separate statute *Crawford Fitting* contemplated, as §505

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[5] As explained *supra*, §1920 enumerates a narrow set of "expenses a court 'may' tax as costs," and 28 U.S.C. §1821 "specifies the amount[s]" that may be taxed as costs under §1920. *Crawford Fitting*, 482 U.S. at 441.

expressly authorizes courts to award prevailing parties their "*full* costs," not just the costs set forth in §1920. *Twentieth Century Fox*, 429 F.3d at 885 (emphasis added). And the Ninth Circuit invoked *Crawford Fitting* for the very same canon against superfluity that controlled the analysis there, holding that reading §505 "as limiting the costs that may be awarded to any particular subset of taxable costs effectively reads the word 'full' out of the statute," which would "violate the long standing principle of statute interpretation that 'statutes should not be construed to make surplusage of any provision.'" *Id.* (quoting *Nw. Forest Res. Council v. Glickman*, 82 F.3d 825, 834 (9th Cir. 1996)).

Petitioners attempt to resist that conclusion by positing that "full" simply means that a prevailing party can recover the entirety of the costs allowable under §1920. But they do not and cannot explain why Congress would need to include that clarification since the same is true under §1920 itself. Indeed, statutes often authorize recovery of "costs" *simpliciter*, without specifying that each enumerated cost may be recovered "in full." *See, e.g.*, 42 U.S.C. §6104(e)(1); 29 U.S.C. §216(b); 15 U.S.C. §1691e(d). Petitioners do not identify any case that has held that the absence of the word "full" somehow means that these statutes authorize recovery of something less than the full amount of each cost.

West Virginia University Hospitals, Inc. v. Casey, 499 U.S. 83 (1991), is of even less relevance. Like *Crawford Fitting*, *Casey* did not concern or mention the phrase "full costs" or the Copyright Act. Instead, the question in *Casey* was whether a statute that

permitted "the award of 'a reasonable attorney's fee'" also permitted the award of "fees for services rendered by experts.'" *Id.* at 84. The Court answered that question in the negative, reaching the commonsense conclusion that a statute that explicitly authorized recovery only of *attorney's* fees did not also implicitly authorize recovery of *expert* fees. *Id.* at 102. As the Court explained, reading the phrase "attorney's fees" to implicitly include expert fees would render the "dozens of statutes referring to the two separately ... inexplicable exercise[s] in redundancy." *Id.* at 92.

Arlington Central School District Board of Education v. Murphy, 548 U.S. 291 (2006), is equally off-point. As in *Casey*, the question in *Murphy* was whether a statute that permits prevailing parties to recover "reasonable attorneys' fees as part of the costs" also permits recovery of expert fees. *Id.* at 293 (citing 20 U.S.C. §1415(i)(3)(B)). The Court held that the statute did not, reasoning once again that "the term 'attorneys' fees,' standing alone, is generally not understood as encompassing expert fees." *Id.* at 303. In other words, *Murphy* followed from a straightforward application of *Casey*—which has nothing to do with the question at issue here—and (like *Crawford Fitting* and *Casey*) did not even mention the phrase "full costs" or the Copyright Act. Petitioners' assertion that *Murphy* somehow "recognizes" that the Copyright Act's allowance for "full costs" is limited to "*taxable* costs," Pet.15, is thus nothing more than wishful thinking.

B. "Full Costs" Has Always Meant Full Costs.

With neither text nor precedent on their side, petitioners resort to statutory and legislative history, insisting that the term "full costs" in the Copyright Act has historically been understood to mean something less than full costs. In fact, petitioners have their history backward: The predecessor to §505 of the Copyright Act was added to the statute *before* §1920 created a default rule of only taxable costs, at a time when full costs meant exactly that in the copyright context.

At the Founding, prevailing parties in copyright cases were routinely awarded their complete litigation expenses. One of the very first statutes the First Congress enacted instructed the federal courts to apply state law in fashioning awards of costs and fees in suits at law, which (unlike suits in equity) included copyright actions. *See* Act of Sept. 29, 1789, ch. 21, §2, 1 Stat. 93.[6] And at the Founding, state law followed "the English practice of attempting to provide the successful litigant with *total reimbursement*." 10 Charles Alan Wright et al., *Federal Practice and Procedure* §2665 (3d ed. 1998) (emphasis added). In other words, the original practice in copyright cases was for prevailing parties to receive *all* the costs they expended in the litigation—*i.e.*, their "full costs."

That regime was briefly interrupted in 1819, when Congress gave the circuit courts "original

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[6] The First Judiciary Act separately made provision for recovery of costs in admiralty and equity cases. *See* Judiciary Act of 1789, ch. 20, §20, 1 Stat. 73, 83.

cognizance" over "all actions" sounding in copyright. *See* Act of Feb. 15, 1819, ch. 19, 3 Stat. 481, 481. Under the First Judiciary Act, costs were unavailable to prevailing parties in original jurisdiction cases in the circuit courts. *See* Judiciary Act of 1789, ch. 20, §20, 1 Stat. 73, 83; Pet.16. Because Congress initially did not make any separate provision for costs in copyright cases, a prevailing party in a copyright case was barred from recovering any costs, and indeed could even "be adjudged to pay costs" to the other side if the claim yielded less than $500 in damages. Judiciary Act of 1789, ch. 20, §20, 1 Stat. 73, 83.

That changed in 1831. The Copyright Act of 1831 provided that "in all recoveries under [that] act, either for damages, forfeitures, or penalties, full costs shall be allowed thereon, any thing in any former act to the contrary notwithstanding." Copyright Act of 1831, ch. 16, §12, 4 Stat. 436, 439. Notably, that statute predated by two decades the precursor to 28 U.S.C. §1920, the first statute to create a default regime under which federal courts could award only certain enumerated "taxable costs." *See* Fee Act of 1853, ch. 80, 10 Stat. 160, 161; *In re Online DVD-Rental Antitrust Litig.*, 779 F.3d 914, 926 (9th Cir. 2015). Petitioners' contention that the 1831 Copyright Act's *non-obstante* clause ("any thing in any former act to the contrary notwithstanding") evinces Congress' intent "simply [to] overr[i]de the potential penalty when a plaintiff recovered less than $500 in damages," Pet.16-17, thus makes no sense. In 1831, there *was* no federal default rule of only "taxable costs," so allowing for recovery of full costs not only meant that successful copyright claimants could never be forced to pay the loser's costs in a matter involving less than $500, but

also reinstated the default *state* rule, under which prevailing copyright litigants received *all* of their costs, not just a subset.

The legislative sources petitioners cite do not support their claim either. Petitioners do not cite anything addressing the 1831 statute, and the 1909 House Report they cite simply notes that, under the 1789 statute, a prevailing party was "not ... allowed ... costs." H.R. Rep. No. 60-2222, at 19 (1909). That Report says nothing whatsoever about what costs Congress allowed when it revised the statute to mandate recovery of "full costs." Nor does the legislative history for the 1976 Act, which just "changed the rule from a mandatory one to one of discretion." *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 524 n.11 (1994). The statutory and legislative history thus just reinforces what is plain on the face of §505: When Congress authorized recovery of "full costs" in copyright cases, it meant exactly that.

III. This Case Is A Poor Candidate For Plenary Review.

Even if this Court were inclined to resolve the question presented, this is not the case in which to do so. Petitioners were unable to muster even a single amicus brief supporting their petition, which suggests either that the issue is not truly of any great importance, or that no one who supports their position thinks this case is an appropriate vehicle for this Court's review (or both).

Petitioners face an unusually high non-taxable costs award because they engaged in unusually egregious litigation misconduct, which made uncovering evidence of their serial infringement

unusually expensive.[7] That is hardly the ideal case in which to press the position that Congress did not intend copyright infringers to bear responsibility for the full costs that their unlawful conduct forces a copyright holder to expend. *See Fogerty*, 510 U.S. at 525 ("section 505 is intended in part to encourage the assertion of colorable copyright claims, to deter infringement, *and to make the plaintiff whole*" (emphasis added)). To the contrary, this case only underscores the wisdom of Congress' decision to grant courts discretion to award "full costs" in copyright cases. If this issue actually arises with anywhere near the frequency petitioners suggest, it should not take long for a more suitable vehicle to come along—say, a copyright holder who is *denied* the non-taxable costs of proving infringement. In the meantime, Oracle should not be forced to spend even more time and money litigating a case that has already dragged on for eight years.

Petitioners make the puzzling contention that this issue "often evades appellate review" because "[c]osts are, almost by definition, the *last* item raised on appeal." Pet.22. But courts are just as bound to reach the last item raised on appeal as they are to reach the first—which likely explains why *Crawford Fitting*, *Casey*, *Murphy*, and other costs cases have had no trouble finding their way either to appellate courts or to this Court. The same could be said, moreover, of all manner of post-liability issues, yet

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[7] Given that egregious litigation misconduct, costs may well have been awardable below as a sanction, which further underscores why this case is a particularly poor vehicle for considering the question presented.

this Court regularly considers cases involving attorneys' fees, interest, and other post-judgment issues. *See, e.g.*, *Culbertson v. Berryhill*, No. 17-773 (U.S. cert. granted May 21, 2018) (scope of fees subject to 25% cap in Social Security cases); *Murphy v. Smith*, 138 S. Ct. 784 (2018) (scope of fees in civil rights litigation under Prison Litigation Reform Act); *CRST Van Expedited v. EEOC*, 136 S. Ct. 1642 (2016) (availability of attorneys' fees under Title VII).

Indeed, petitioners' "last item" point will matter, if at all, only if the party that prevailed in the district court does not prevail on appeal. Otherwise, the appellate court will need to consider whether or what costs (or fees or interest) should have been awarded, just as the district court did below. Case in point, petitioners' lone example of this purported impediment to review is a recent case in which the Fourth Circuit did not need to reach the costs issue because it reversed the liability holding. *See* Pet.22-23 (citing *BMG Rights Mgmt. (US) LLC v. Cox Commc'ns, Inc.*, 881 F.3d 293 (4th Cir. 2018)). The fact that some appeals are resolved in a way that takes costs off the table hardly constitutes a structural barrier to reviewing costs issues. To the contrary, it just undermines petitioners' claim that the question presented is so important that it must be resolved in a case that is a poor vehicle and involves atypical and egregious misconduct.

CONCLUSION

For the foregoing reasons, the Court should deny the petition for certiorari.

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IN THE
Supreme Court of the United States

RIMINI STREET, INC., AND SETH RAVIN,

Petitioners,

v.

ORACLE USA INC., ORACLE AMERICA, INC., AND ORACLE INTERNATIONAL CORPORATION,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

REPLY BRIEF FOR PETITIONERS

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RULE 29.6 STATEMENT

The corporate disclosure statement included in the petition for a writ of certiorari remains accurate.

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REPLY BRIEF FOR PETITIONERS

Respondents concede that five courts of appeals have decided whether non-taxable costs are awardable in copyright cases, resulting in a 3-2 circuit split. Opp. 13–15. Non-taxable costs are not available *as a matter of law* in the Eighth and Eleventh Circuits, while the same costs *may be* awarded in the First, Sixth, and Ninth Circuits. *Ibid.*

This Court has repeatedly emphasized the importance of uniform nationwide application of both the Copyright Act (*see Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1975 (2014); *Fogerty* v. *Fantasy, Inc.*, 510 U.S. 517, 537 (1994) (Thomas, J., concurring)), and federal statutes authorizing, or not authorizing, awards of fees, costs, and expenses (*Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 565 (2012); *Crawford Fitting Co.* v. *J.T. Gibbons, Inc.*, 482 U.S. 437, 440 (1987); *Alyeska Pipeline Serv. Co.* v. *Wilderness Soc'y*, 421 U.S. 240, 251–52 (1975)). Yet, respondents ignore the lack of uniformity created by the conflict in appellate decisions.

Remarkably, respondents spend over half of their brief in opposition attempting to paint petitioners as bad actors, "[un]deserving" of review. *See* Opp. 1–10, 12–13, 22–24. This effort is legally irrelevant, since the availability *vel non* of non-taxable costs does not turn on the conduct of the litigants. It is also factually baseless, as explained below. In truth, this case is a pristine vehicle to resolve the acknowledged circuit split on whether the Copyright Act authorizes courts to award non-taxable costs, and to provide needed uniformity on this recurring and important question in copyright litigation.

I. THE COURTS OF APPEALS ARE SHARPLY DIVIDED ON THE QUESTION PRESENTED

By respondents' own account, non-taxable costs may be awarded in copyright cases in the First, Sixth, and Ninth Circuits, but are unavailable as a matter of law in identical cases in the Eighth and Eleventh Circuits. *See* Opp. 13–15. This acknowledged circuit split is set forth in a long series of published opinions culminating in the decision below. On one side are cases concluding that the Copyright Act authorizes courts to award non-taxable costs. *See* Pet. 8–10; *Twentieth Century Fox Film Corp.* v. *Entm't Distrib.*, 429 F.3d 869 (9th Cir. 2005); *InvesSys, Inc.* v. *McGraw-Hill Cos.*, 369 F.3d 16 (1st Cir. 2004); *Bridgeport Music, Inc.* v. *Diamond Time, Ltd.*, 371 F.3d 883 (6th Cir. 2004); *Coles* v. *Wonder*, 283 F.3d 798 (6th Cir. 2002). On the other side are cases concluding the exact opposite. *See* Pet. 7–9 & n.3; *Artisan Contractors Ass'n of Am., Inc.* v. *Frontier Ins. Co.*, 275 F.3d 1038 (11th Cir. 2001); *Pinkham* v. *Camex, Inc.*, 84 F.3d 292 (8th Cir. 1996) (per curiam); *see also Zotos* v. *Lindbergh Sch. Dist.*, 121 F.3d 356 (8th Cir. 1997).

Respondents *concede* that the Ninth Circuit "disagree[d]" with and "did not follow" the Eighth and Eleventh Circuits. Opp. 11, 14. Yet, despite acknowledging this entrenched circuit split, respondents unsuccessfully try to explain it away.

First, respondents call the split "shallow." Opp. 2. But they *admit* that five courts of appeals have addressed the question presented and divided 3-2 in answering it. Opp. 13–16. The next court could make it 4-2 or 3-3, but the split will remain. This established and clear division among the courts of appeals requires resolution by this Court. *See Fourth Estate Pub. Benefit Corp.* v. *Wall-Street.com, LLC*, No. 17-

571 (U.S.) (certiorari granted to resolve split between four circuits on copyright registration); *Kirtsaeng* v. *John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1984 & n.1 (2016) (certiorari granted to resolve split between three circuits "about how to address an application for attorney's fees" under Copyright Act).

Second, respondents call the split "stale." Opp. 2. The oldest decision on this question (*Pinkham*) was decided just over 20 years ago, but this Court routinely grants certiorari in similar circumstances (*e.g.*, *Lightfoot* v. *Cedant Mortg. Corp.*, 137 S. Ct. 553, 558 (2017)), including to review issues under 17 U.S.C. § 505 (*Kirtsaeng*, 136 S. Ct. at 1984 n.1 (split involved cases ranging from 13 to 18 years old)). More importantly, *the decision below* is of very recent vintage. The Ninth Circuit expressly followed its own approach, rejected petitioners' argument that intervening precedent from this Court established error in that approach, and declined en banc review in the face of an acknowledged circuit conflict. Pet. App. 35a, 37a. The split is thus ripe for this Court's resolution.

Third, respondents note that *Pinkham* and *Artisan Contractors* were per curiam and suggest that they "contain little reasoning in support of their results." Opp. 15. But the unsigned nature of a court of appeals' decision "carries no weight in [this Court's] decision to review the case." *Comm'r* v. *McCoy*, 484 U.S. 3, 7 (1987) (per curiam). The Court routinely grants review of circuit splits involving such decisions. *E.g.*, *Byrd* v. *United States*, 138 S. Ct. 1518, 1526 (2018); *Lightfoot*, 137 S. Ct. at 558; *Lynce* v. *Mathis*, 519 U.S. 433, 436 (1997). That is because, like *Pinkham* and *Aritisan Contractors*, they are the binding law of their respective circuits. And neither opin-

ion lacks "reasoning." Opp. 15. Each faithfully applies this Court's precedents and is no less reasoned than the Ninth Circuit's decision in *Twentieth Century Fox*. *E.g.*, *Pinkham*, 84 F.3d at 295 (applying "longstanding" "*in pari materia*" rule under *Crawford Fitting* and concluding the word "full" does not evince "congressional intent to treat 17 U.S.C. § 505 costs differently from costs authorized in other statutes").

* * *

The leading copyright treatises recognize that "[c]ourts are split on whether nontaxable costs (those not listed in section 1920) may be awarded under section 505." 6 *Patry on Copyright* § 22:221; *see also* 4 *Nimmer on Copyright* § 14.09, pp. 14-312 to 14-313. District courts across the country have similarly recognized the split in appellate authority. Pet. 9–10 & nn.3–4. Respondents admit as much. Opp. 13–16. The question presented warrants review.

II. THE DECISION BELOW IS WRONG

While respondents urge the Court to deny review on the theory that the decision below is correct (Opp. 16–22), the law is clarified through affirmances as well as reversals. Thus, certiorari should be granted even assuming, *dubitante*, that the Ninth Circuit got it right. In all events, the Ninth Circuit approach is wrong.

As this Court has recognized (and as respondents ignore), "costs" is "*a term of art*" that "does not include expert fees," for instance, but is "*obviously*" a reference to "the list set out in 28 U.S.C. § 1920, the general statute governing the taxation of costs in federal court." *Arlington Cent. Sch. Dist. Bd. of Educ.* v. *Murphy*, 548 U.S. 291, 302 (2006) (emphases added). The

decision below cannot be reconciled with this Court's decisions and has no basis in the Copyright Act.

1. Respondents begin from a faulty premise, calling Section 1920 a "default federal cost-shifting statute." *E.g.*, Opp. i. But Section 1920 does not authorize cost-shifting; it "defines the term 'costs'" as used in federal cost-shifting statutes and rules. *Crawford Fitting*, 482 U.S. at 441. Thus, because Congress used Sections 1920 and 1821 to "comprehensively regulate[]" the definition of costs "in the federal courts" (*Crawford Fitting*, 482 U.S. at 440; *Alyeska Pipeline*, 421 U.S. at 251–52), this Court in *Crawford Fitting* laid out a clear-statement test for analyzing *all* federal cost-shifting statutes and rules: if a party claims entitlement to litigation expenses that are not listed in Sections 1920 and 1821, then there must be "explicit statutory authority indicating that Congress intended for that sort of fee- [or cost-]shifting." *Murphy*, 548 U.S. at 295.

The Ninth Circuit's approach fails this test. The Copyright Act's authorization for "full costs" (17 U.S.C. § 505) says nothing about expert witness fees, jury consulting fees, or any of the other non-taxable costs respondents were awarded below. "Although 'costs' has an everyday meaning synonymous with 'expenses,'" federal cost-shifting statutes draw a sharp distinction between "costs," "fees," and "expenses." *Taniguchi*, 566 U.S. at 573; *see also, e.g.*, 5 U.S.C. § 504(b)(1)(A); 10 U.S.C. § 2409(c)(1); 11 U.S.C. § 363(n); 12 U.S.C. §§ 1464(d)(1)(B)(vii), 1786(p), & 50056(b)(2)(B); 15 U.S.C. §§ 15, 77z-1(a)(6), 1117(a), 2310(d)(2), & 2805(d)(1)(C); 28 U.S.C. §§ 1447(c), 2412(d)(2)(A); 29 U.S.C. §§ 1132(g)(1), 1370(e)(1); 30 U.S.C. § 938(c); 33 U.S.C. § 1367(c); 42 U.S.C.

§§ 247d-6d(e)(9), 1988(b), (c); 10 Wright & Miller, Fed. Prac. & Proc. Civ. § 2666 (3d ed. April 2018).

Respondents' position is that *Crawford Fitting*, *Casey*, and *Murphy* are not controlling because they did not involve Section 505 of the Copyright Act. Opp. 17–19. But this Court has repeatedly emphasized that it interprets federal fee- and cost-shifting statutes "in a consistent manner," applying those constructions across-the-board. *CRST Van Expedited, Inc.* v. *EEOC*, 136 S. Ct. 1642, 1646 (2016); *see also Fogerty*, 510 U.S. at 537 (Thomas, J., concurring in the judgment). In defending the Ninth Circuit's decision to construe the Copyright Act *differently* from all other federal statutes, respondents ignore this well-settled doctrine as well as the separation-of-powers concerns that animate it. *See* Pet. 21.

Under "the principle recognized in *Crawford Fitting*, ... no statute" or rule—not Rule 54(d), not 42 U.S.C. § 1988, not 20 U.S.C. § 1415(i)(3)(B), and not the Copyright Act—"will be construed as authorizing the taxation of" litigation expenses outside the scope of Sections 1920 and 1821 "unless the statute refers explicitly" to those categories of expenses. *Murphy*, 548 U.S. at 301. The Copyright Act does not do so.

While respondents emphasize that "'[f]ull costs' means *full* costs" (Opp. 16), the important point is that Section 505 is limited to "full *costs*." The en banc Federal Circuit recently made the same point with respect to 35 U.S.C. § 145, which provides that "[*a*]*ll* the expenses of the proceedings shall be paid by the applicant" in certain PTO cases. (Emphasis added). The court recognized that the term "expenses" bears a particular meaning in federal statutes (one distinct from "costs" and "fees"), and that even with the modifier "all," it does not include attorneys' fees. *Natkwest*,

Inc. v. *Iancu*, --- F.3d ---, 2018 WL 3596124, at *12 (Fed. Cir. July 27, 2018) (en banc). Just as "the word 'all' sheds no light on the breadth of 'expenses'" under 35 U.S.C. § 145 (*id.*), so too, the word "full" does not expand the breadth of costs available under the Copyright Act. The word *full* means that "whatever the ['costs'] are" under the Copyright Act, "[the full amount] must be paid" by the losing party. *Ibid.* Costs are defined by Sections 1920 and 1821.

2. Respondents' effort to explain the genesis of the "full costs" provision in the Copyright Act is astonishingly ahistorical.

The purpose of the "full costs" language of the 1831 Copyright Act is clear: Congress wanted copyright litigants in the circuit courts to receive their costs, even if they recovered less than $500 in damages. *See* Pet. 16–17 & n.6; Act of 1789, ch. 20, § 20, 1 Stat. 73, 83; *Hathaway* v. *Roach*, 11 F. Cas. 818, 819 (C.C.D. Mass. 1846) (Woodbury, Circuit Justice); H.R. Rep. No. 2222, 60th Cong., 2d Sess. 19 (1909). Respondents say this "makes no sense" because "a prevailing party in a copyright case was barred from recovering any costs" prior to 1831. Opp. 21. That is incorrect. Federal courts routinely taxed costs in copyright cases prior to 1831. *E.g.*, *Blunt* v. *Patten*, 3 F. Cas. 763, 767 (C.C.S.D.N.Y. 1828) (Thompson, Circuit Justice); *Binns* v. *Woodruff*, 3 F. Cas. 421, 424 (C.C.D. Pa. 1821) (Washington, Circuit Justice). "The usage and practice of the circuit courts" was "uniformly" to tax costs "according to the fee bill of the [forum] state." *In re Costs in Civil Cases*, 30 F. Cas. 1058, 1059 (C.C.S.D.N.Y. 1852) (Nelson, Circuit Justice); *see also The Baltimore*, 75 U.S. 377, 390-91 (1869). But the $500-threshold for cost recovery still applied in circuit courts until Congress eliminated it in 1831.

Respondents postulate that the 1831 Act "reinstate[d] the default *state* rule, under which prevailing copyright litigants received *all* of their costs, not just a subset." Opp. 21–22. That unsupported contention is inconsistent with history.

When state courts "award[ed] full costs" it was "at the rates prescribed by the Code" (*Rensselaer & Saratoga R.R. Co.* v. *Davis*, 55 N.Y. 145, 149 (1873)), and only "for services mentioned in [the] act" (Revised Statutes of New York, ch. X, Title I, § 7.1 (1846–1848) (enacted in 1830))—*i.e.*, the full amount of enumerated costs at enumerated rates. That is why statutes often provided for "full costs," "double costs," or "one quarter" costs (Revised Statutes of the Commonwealth of Mass. 1836, ch. 121, §§ 4, 8, 18 (enacted 1795)), and why "[a]ll parties recovering costs in civil causes" were entitled to, at most, the full rate for listed costs (*id.* § 32).

Accordingly, if the state statute did not list a category of expense, such as expert fees, a court could not award it. *E.g.*, *Hathaway*, 11 F. Cas. at 820 ("I am not aware [of] any courts" that awarded fees for "experts and men of science" without "express [statutory] provision" in England or the United States.); *see also Henkel* v. *Chicago, St. P., M. & O. Ry. Co.*, 284 U.S. 444, 446 (1932).

Weary of the disuniformity among state statutes, Congress passed the Fee Act. *See Alyeska Pipeline*, 421 U.S. at 247–50 & n.19. Thus, when the Copyright Act says "full costs," it means the full amount of enumerated costs at enumerated rates under Sections 1920 and 1821.

III. This Case Is The Ideal Vehicle For Answering The Question Presented

This case presents the ideal opportunity to resolve an entrenched circuit split on an important and recurring federal question in copyright law. Nothing respondents say changes that reality.

First, respondents admit that "attorneys' fees, interest, and other post-judgment issues" "regularly" merit this Court's review. Opp. 23–24; *see also Kirtsaeng*, 136 S. Ct. at 1984; *Fogerty*, 510 U.S. at 521 (granting certiorari "to address an important area of federal law," *i.e.*, the "standard for awarding attorneys' fees under § 505"). That is because the issue is "nationally significant." David Nimmer, *Codifying Copyright Comprehensibly*, 51 U.C.L.A. L. Rev. 1233, 1286-88 & Tbl. A (2004). And, contrary to respondents' half-hearted assertion (Opp. 22), the absence of *amicus curiae* briefs at this stage does not mean this issue is unimportant, as demonstrated by the numerous cases on this term's docket that lacked such briefs at the certiorari stage. *E.g.*, *Mt. Lemmon Fire Dist.* v. *Guido*, No. 17-587; *Lorenzo* v. *SEC*, No. 17-1077; *Nutraceutical Corp.* v. *Lambert*, No. 17-1094. Once the Court grants certiorari, there will be ample opportunity for *amici* to weigh in on both sides.

Second, the question presented is recurring. *See* Pet. 9, 19–20 & nn. 3–4, 7–8. Respondents contradict themselves when they simultaneously argue that the issue *might* not be recurring (Opp. 24), while at the same time insisting that "it should not take long for a more suitable vehicle to come along" (Opp. 23). The truth is that this issue arises in virtually every copyright case, but it frequently escapes appellate review, let alone this Court's review. Pet. 9–10 & nn.3–4, 19–

20 & nn. 7–8, 22; *BMG Rights Mgmt. (US) LLC* v. *Cox Commc'ns, Inc.*, 881 F.3d 293, 301 n.1 (4th Cir. 2018).

Third, respondents are conspicuously silent on the importance of national uniformity. Congress has explicitly condemned a taxable costs regime in which "[o]ne system prevails in one district, and a totally different one in another." Cong. Globe App., 32d Cong., 2d Sess. app. 207; *see also Alyeska Pipeline*, 421 U.S. at 247–50 & n.19; *Crawford Fitting*, 482 U.S. at 439; *Taniguchi*, 566 U.S. at 565. Yet, respondents do not contest that staggering non-taxable cost awards are *routine* in the Ninth Circuit but entirely unavailable in other jurisdictions. Pet. 20.

Finally, in a transparent effort to distract the Court's attention from the glaring circuit split on the meaning of an important statutory provision, respondents fill their brief in opposition with a litany of accusations directed at Rimini and its CEO, Seth Ravin, of "lying under oath," "egregious" behavior, "fake customer[s]," "[un]ambiguous" infringement, and "false[] represent[ations]." Opp. 1–10, 22–24. But this false narrative was rejected by the jury and the Ninth Circuit. Rimini was exonerated by either the jury or the Ninth Circuit on every claim relating to false statements or intentional conduct. Rimini was found liable for copyright infringement, but the jury unanimously found that every instance of infringement was "innocent" (Pet. App. 81a–82a), meaning that Rimini "was not aware" and "had no reason to believe" that its conduct was unlawful (Instruction 35, No. 2:10-cv-106, Dkt. 880 at 43). And after a trial and an appeal, Mr. Ravin has been exonerated of any liability *whatsoever*. Pet. App. 26a, 78a, 84a–86a, 90a. It is beyond the pale for respondents to present as

their "Statement of the Case" factual *allegations* that have been squarely rejected in this very litigation.

More importantly, and contrary to respondents' repeated assertion, this case is not about a district court's exercise of "discretion" to award costs based on alleged misconduct (or, for that matter, any other reason). *E.g.*, Opp. i, 1, 13, 16, 23. The question presented—whether Congress has conferred authority to award non-taxable costs in copyright cases *at all*—is antecedent. Only if the First, Sixth, and Ninth Circuits are correct, as respondents assume, could the district court exercise its discretion to award non-taxable costs based on the circumstances of a particular case. But if the Eighth and Eleventh Circuits are correct, district courts have no discretion to award non-taxable costs, regardless of the circumstances. Only one of these diametrically opposed approaches can be correct under the statute. This Court should resolve the circuit split so that litigants in copyright cases are governed by the same rules regardless of where suit is filed.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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August 14, 2018

No. 17-1625

IN THE
Supreme Court of the United States

RIMINI STREET, INC., AND SETH RAVIN,

Petitioners,

v.

ORACLE USA, INC., ORACLE AMERICA, INC., AND ORACLE INTERNATIONAL CORPORATION,

Respondents.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Ninth Circuit

JOINT APPENDIX

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PETITION FOR WRIT OF CERTIORARI FILED MAY 31, 2018
CERTIORARI GRANTED SEPTEMBER 27, 2018

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Ceneral Docket
United States Court of Appeals for the Ninth Circuit

Court of Appeals Docket #: 16-16832 **Nature of Suit:** 3820 Copyright Oracle USA. Inc., et al v. Rimini Street, Inc., et al **Appeal From:** U.S. District Court for Nevada, Las Vegas **Fee Status:** Paid	**Docketed:** 10/12/2016 **Termed:** 01/08/2018
Case Type Information: 1) Civil 2) Private 3) null	
Originating Court Information: **District:** 0978-2: 2:10-cv-00106-LRH-VCF **Trial Judge:** Larry R. Hicks, District Judge **Date Filed:** 01/25/2010 **Date Order/Judgment:** 10/11/2016 **Date Order/Judgment EOD:** 10/11/2016 **Date NOA Filed:** 10/11/2016 **Date Rec'd COA:** 10/11/2016	
Prior Cases: None **Current Cases:** Consolidated **Lead** 16-16832 **Member** 16-16905	

Start 12/06/2016 **End**

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v.	
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ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; ORACLE INTERNATIONAL CORPORATION, a California corporation,

Plaintiffs-Appellees,

v.

RIMINI STREET, INC., a Nevada corporation;

SETH RAVIN, an individual, Defendants-Appellants.

10/12/2016	1	DOCKETED CAUSE AND ENTERED APPEARANCES OF COUNSEL. SEND MQ: Yes. The schedule is set as follows: Mediation Questionnaire due on 10/19/2016. Transcript ordered by 11/10/2016. Transcript due 12/12/2016. Appellants Seth Ravin and Rimini Street, Inc. opening brief due 01/19/2017. Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. answering brief due 02/21/2017. Appellant's optional reply brief is due 14 days after service of the answering brief. [10156601] (RT) [Entered: 10/12/2016 11:44 AM]
10/19/2016	2	Filed (ECF) Appellants Rimini Street, Inc. and Seth Ravin Mediation Questionnaire. Date of service: 10/19/2016. [10166641] [16-16832] (Perry, Mark) [Entered: 10/19/2016 05:42 PM]

11/10/2016	3	Filed (ECF) Appellants Seth Ravin and Rimini Street, Inc. EMERGENCY Motion to stay lower court action. Date of service: 11/10/2016. [10193932] [16-16832] (Perry, Mark) [Entered: 11/10/2016 03:49 PM]
11/10/2016	4	Filed (ECF) Appellants Seth Ravin and Rimini Street, Inc. Motion to consolidate cases 16-16832 and 16-16905, Motion to expedite case. Date of service: 11/10/2016. [10193944] [16-16832] (Perry, Mark) [Entered: 11/10/2016 03:54 PM]
11/15/2016	5	Filed order (WILLIAM C. CANBY) Appellants' request for an immediate administrative stay pending consideration of their emergency motion is denied. The responses to the emergency motion, motion to consolidate, and motion to expedite are due November 22, 2016. The optional replies in support of those motions are due November 25, 2016. All pending motions will be addressed by separate order. [10197999] [16-16832, 16-16905] (WL) [Entered: 11/15/2016 03:24 PM]

11/22/2016	6	Filed (ECF) notice of appearance of David B. Salmons for Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc.. Date of service: 11/22/2016. [10206268] [16-16832] (Salmons, David) [Entered: 11/22/2016 09:42 AM]
11/22/2016	7	Filed (ECF) notice of appearance of Thomas S. Hixson for Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc.. Date of service: 11/22/2016. [10206283] [16-16832] (Hixson, Thomas) [Entered: 11/22/2016 09:45 AM]
11/22/2016	8	Added attorney David Bruce Salmons for Oracle USA, Inc. Oracle America, Inc. Oracle International Corporation, in case 16-16832. [10206383] (Walker, Synitha) [Entered: 11/22/2016 10:15 AM]
11/22/2016	9	Added attorney Thomas S. Hixson for Oracle USA, Inc. Oracle America, Inc. Oracle International Corporation, in case 16-16832. [10206389] (Walker, Synitha) [Entered: 11/22/2016 10:16 AM]

11/22/2016	10	Filed (ECF) notice of appearance of Karen Leah Dunn for Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc.. Date of service: 11/22/2016. [10206463] [16-16832] (Dunn, Karen) [Entered: 11/22/2016 10:30 AM]
11/22/2016	11	Filed (ECF) notice of appearance of Richard J. Pocker for Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc.. Date of service: 11/22/2016. [10206465] [16-16832] (Pocker, Richard) [Entered: 11/22/2016 10:30 AM]
11/22/2016	12	Added attorney Karen L. Dunn for Oracle USA, Inc. Oracle America, Inc. Oracle International Corporation, in case 16-16832. [10206507] (Walker, Synitha) [Entered: 11/22/2016 10:40 AM]
11/22/2016	13	Added attorney Richard J. Pocker for Oracle USA, Inc. Oracle America, Inc. Oracle International Corporation, in case 16-16832. [10206509] (Walker, Synitha) [Entered: 11/22/2016 10:42 AM]

11/22/2016	14	Filed (ECF) notice of appearance of Paul D. Clement for Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc.. Date of service: 11/22/2016. [10206529] [16-16832] (Clement, Paul) [Entered: 11/22/2016 10:50 AM]
11/22/2016	15	Filed (ECF) notice of appearance of William A. Isaacson for Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc.. Date of service: 11/22/2016. [10206606] [16-16832] (Isaacson, William) [Entered: 11/22/2016 11:11 AM]
11/22/2016	16	Added attorney Paul D. Clement for Oracle USA, Inc. Oracle America, Inc. Oracle International Corporation, in case 16-16832. [10206828] (Walker, Synitha) [Entered: 11/22/2016 12:34 PM]
11/22/2016	17	Added attorney William A. Isaacson for Oracle USA, Inc. Oracle America, Inc. Oracle International Corporation, in case 16-16832. [10206881] (Walker, Synitha) [Entered: 11/22/2016 12:58 PM]

11/22/2016	18	Filed (ECF) notice of appearance of Steven Christopher Holtzman for Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc.. Date of service: 11/22/2016. [10206999] [16-16832] (Holtzman, Steven) [Entered: 11/22/2016 01:38 PM]
11/22/2016	19	Added attorney Steven Christopher Holtzman for Oracle USA, Inc. Oracle America, Inc. Oracle International Corporation, in case 16-16832. [10207340] (Walker, Synitha) [Entered: 11/22/2016 02:46 PM]
11/22/2016	20	Filed (ECF) Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. response opposing motion ([4] Motion (ECF Filing), [4] Motion (ECF Filing) motion to consolidate cases, [4] Motion (ECF Filing) motion to expedite case). Date of service: 11/22/2016. [10207454] [16-16832] (Salmons, David) [Entered: 11/22/2016 03:12 PM]

11/22/2016	21	Filed (ECF) Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. response opposing motion ([3] Motion (ECF Filing), [3] Motion (ECF Filing) motion to stay lower court action). Date of service: 11/22/2016. [10207466] [16-16832] (Salmons, David) [Entered: 11/22/2016 03:16 PM]
11/23/2016	22	MEDIATION CONFERENCE SCHEDULED - DIAL-IN Assessment Conference, 12/09/2016, 1:30 p.m. PACIFIC Time. See order for instructions and details. [10209529] [16-16832, 16-16905] (MS) [Entered: 11/23/2016 02:33 PM]
11/25/2016	23	Filed (ECF) Appellants Seth Ravin and Rimini Street, Inc. reply to response (motion to consolidate cases, motion to expedite case). Date of service: 11/25/2016. [10210978] [16-16832] (Perry, Mark) [Entered: 11/25/2016 04:01 PM]
11/25/2016	24	Filed (ECF) Appellants Seth Ravin and Rimini Street, Inc. reply to response (motion to stay lower court action). Date of service: 11/25/2016. [10210982] [16-16832] (Perry, Mark) [Entered: 11/25/2016 04:07 PM]

11/30/2016	25	**MEDIATION CONFERENCE RESCHEDULED - DIAL-IN Assessment Conference, 12/13/2016, 10:00 a.m. Pacific Time. (originally scheduled on 12/09/2016). [10216083] [16-16832, 16-16905] (MS) [Entered: 11/30/2016 03:15 PM]**

12/06/2016	26	Filed order (SIDNEY R. THOMAS and EDWARD LEAVY) Appellants' emergency motion to stay the district court's October 11, 2016 permanent injunction pending appeal (Docket Entry No.[3]) is granted. See Hilton v. Braunskill, 481 U.S. 770, 776 (1987). Appellants' motion to consolidate and expedite appeal Nos. 16-16832 and 16-16905 (Docket Entry No.[4]) is granted in part. These appeals are consolidated. The consolidated opening brief is due January 19, 2017. The consolidated answering brief is due February 21, 2016. The optional consolidated reply brief is due within 14 days after service of the answering brief. The Clerk shall calendar these consolidated appeals as soon as practicable after briefing is complete. [10222811] [16-16832, 16-16905] (TSP) [Entered: 12/06/2016 04:10 PM]

12/13/2016	27	Filed Mediation order: These consolidated appeals are not selected for inclusion in the Mediation Program. All further inquiries regarding these appeals, including requests for extensions of time, should be directed to the Clerk's office. Counsel are requested to contact the Circuit Mediator should circumstances develop that warrant further settlement discussions. [10231489] [16-16832, 16-16905] (MS) [Entered: 12/13/2016 02:23 PM]
01/19/2017	28	STRICKEN PER ORDER [35]. ~~Submitted (ECF) Opening Brief for review. Submitted by Appellant Rimini Street, Inc. in 16-16832, 16-16905. Date of service: 01/19/2017.~~ [10272783] [16-16832, 16-16905] (Perry, Mark) [Entered: 01/19/2017 08:29 PM]
01/19/2017	29	STRICKEN PER ORDER [35]. ~~Submitted (ECF) Opening Brief for review. Submitted by Appellant Seth Ravin in 16-16832, 16-16905. Date of service: 01/19/2017.~~ [10272784] [16-16832, 16-16905] (Perry, Mark) [Entered: 01/19/2017 08:34 PM]

01/19/2017	30	STRICKEN PER ORDER [35]. ~~Filed (ECF) Appellant Rimini Street, Inc. in 16-16832, 16-16905 joinder to brief [29] submitted by Appellant Seth Ravin in 16-16832, 16-16905. Date of service: 01/19/2017.~~ [10272785] [16-16832, 16-16905] (Perry, Mark) [Entered: 01/19/2017 08:36 PM]
01/19/2017	31	Submitted (ECF) excerpts of record. Submitted by Appellants Seth Ravin and Rimini Street, Inc. in 16-16832, 16-16905. Date of service: 01/19/2017. [10272786] [16-16832, 16-16905] (Perry, Mark) [Entered: 01/19/2017 08:41 PM]
01/19/2017	32	Filed (ECF) UNDER SEAL Appellants Seth Ravin and Rimini Street, Inc. in 16-16832, 16-16905 notice of intent to unseal previously sealed material. Material: excerpts of record. Date of service: 01/19/2017. [10272787] [16-16832, 16-16905]--[COURT UPDATE: Attached corrected excerpts. 01/23/2017 by LA] (Perry, Mark) [Entered: 01/19/2017 08:44 PM]

01/23/2017	33	Filed (ECF) Appellants Rimini Street, Inc. and Seth Ravin in 16-16832, 16-16905 Motion to file substitute or corrected brief. Date of service: 01/23/2017. [10276256] [16-16832, 16-16905] (Perry, Mark) [Entered: 01/23/2017 04:25 PM]
01/23/2017	34	Submitted (ECF) Opening Brief for review. Submitted by Appellants Rimini Street, Inc. and Seth Ravin in 16-16832, 16-16905. Date of service: 01/23/2017. [10276268] [16-16832, 16-16905] (Perry, Mark) [Entered: 01/23/2017 04:27 PM]

01/24/2017	35	Filed clerk order (Deputy Clerk: TAH): The appellants' motion (Docket Entry No. [33]) for leave to file a substitute opening brief is granted. The Clerk shall strike the previously submitted opening briefs and the notice of joinder (Docket Entry Nos. [28], [29], and [30]). The appellants' notice (Docket Entry No. [32]) of intent to unseal a portion of the excerpts of record will be addressed by separate order. When the notice of intent to unseal is resolved, the Clerk shall file the substitute opening brief (Docket Entry No. [34]). The remainder of the briefing schedule is unchanged. [10277209] [16-16832, 16-16905] (WL) [Entered: 01/24/2017 11:06 AM]
01/26/2017	36	Submitted (ECF) Amicus brief for review (by government or with consent per FRAP 29(a)). Submitted by Electronic Frontier Foundation. Date of service: 01/26/2017. [10280985] [16-16832, 16-16905] (Williams, Jamie) [Entered: 01/26/2017 11:09 AM]

01/26/2017	37	Entered appearance of Amicus Curiae Electronic Frontier Foundation. [10282571] [16-16832, 16-16905] (KT) [Entered: 01/27/2017 09:35 AM]
01/27/2017	38	Filed clerk order: The amicus brief [36] submitted by Electronic Frontier Foundation is filed. Within 7 days of the filing of this order, filer is ordered to file 7 copies of the brief in paper format, accompanied by certification, attached to the end of each copy of the brief, that the brief is identical to the version submitted electronically. Cover color: green. The paper copies shall be printed from the PDF version of the brief created from the word processing application, not from PACER or Appellate CM/ECF. [10282676] [16-16832, 16-16905] (KT) [Entered: 01/27/2017 10:09 AM]
01/30/2017	39	Received 7 paper copies of Amicus Brief [36] filed by Electronic Frontier Foundation. [10290237] [16-16832, 16-16905] (SD) [Entered: 01/30/2017 01:52 PM]

02/15/2017	40	Filed (ECF) notice of filing document ([32]) publicly pursuant to Interim Circuit Rule 27-13(f). Filed by Appellants Seth Ravin and Rimini Street, Inc. in 16-16832, 16-16905. Date of service: 01/19/2017. (Courtentered filing) [10321252] [16-16832, 16-16905] (WL) [Entered: 02/15/2017 03:13 PM]
02/15/2017	41	Filed clerk order (Deputy Clerk: SVG): On January 19, 2017, at Docket Entry No. [32], appellants filed a notice of intent to file previously sealed documents publicly pursuant to Interim Ninth Circuit Rule 27-13(f), and submitted Volume 8 of their excerpts of record provisionally under seal. No other party has filed a motion to file or maintain these documents under seal. Therefore, the Clerk is directed to unseal the notice and the excerpts, and to publicly file the substitute opening brief and all 8 volumes of the excerpts of record. The existing briefing schedule continues in effect. [10321257] [16-16832, 16-16905] (WL) [Entered: 02/15/2017 03:15 PM]

02/15/2017	42	Submitted (ECF) excerpts of record Vol 8. Submitted by Appellants Seth Ravin and Rimini Street, Inc. in 16-16832, 16-16905. Date of service: 01/19/2017. (Court-entered filing, excerpts of record originally submitted in [32].) [10321271] [16-16832, 16-16905] (WL) [Entered: 02/15/2017 03:18 PM]

02/15/2017	43	Filed clerk order: The substitute opening brief [34] submitted by Seth Ravin and Rimini Street, Inc. is filed. Within 7 days of the filing of this order, filer is ordered to file 7 copies of the brief in paper format, accompanied by certification, attached to the end of each copy of the brief, that the brief is identical to the version submitted electronically. Cover color: blue. The paper copies shall be printed from the PDF version of the brief created from the word processing application, not from PACER or Appellate CM/ECF. The Court has reviewed the excerpts of record [31], [42] submitted by Seth Ravin and Rimini Street, Inc. Within 7 days of this order, filer is ordered to file 4 copies of the excerpts in paper format, with a white cover. The paper copies must be in the format described in 9th Circuit Rule 30-1.6. [10321537] [16-16832, 16-16905] (KT) [Entered: 02/15/2017 04:32 PM]

02/17/2017	44	Filed 4 paper copies of excerpts of record [31], [42] in 8 volume(s) filed by Appellants Seth Ravin and Rimini Street, Inc. [10324665] [16-16832, 16-16905] (KT) [Entered: 02/17/2017 01:32 PM]
02/17/2017	45	Received 7 paper copies of substitute opening brief [34] filed by Seth Ravin and Rimini Street, Inc.. [10325240] [16-16832, 16-16905] (SD) [Entered: 02/17/2017 03:47 PM]
02/21/2017	46	Filed (ECF) notice of appearance of Erin E. Murphy for Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905. Date of service: 02/21/2017. [10327367] [16-16832, 16-16905] (Murphy, Erin) [Entered: 02/21/2017 03:11 PM]
02/21/2017	47	Filed (ECF) notice of appearance of Matthew D. Rowen for Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905. Date of service: 02/21/2017. [10327393] [16-16832, 16-16905] (Rowen, Matthew) [Entered: 02/21/2017 03:17 PM]

02/21/2017	48	Added attorney Erin E. Murphy for Oracle America, Inc. Oracle International Corporation, in case 16-16905 Erin E. Murphy for Oracle America, Inc., in case 16-16832. [10327680] [16-16832, 16-16905] (Walker, Synitha) [Entered: 02/21/2017 04:20 PM]
02/21/2017	49	Added attorney Matthew Rowen for Oracle America, Inc. Oracle International Corporation, in case 16-16905 Matthew Rowen for Oracle America, Inc., in case 16-16832. [10327686] [16-16832, 16-16905] (Walker, Synitha) [Entered: 02/21/2017 04:21 PM]
02/21/2017	50	Submitted (ECF) Answering Brief for review. Submitted by Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905. Date of service: 02/21/2017. [10327875] [16-16832, 16-16905] (Clement, Paul) [Entered: 02/21/2017 07:10 PM]

02/21/2017	51	Submitted (ECF) supplemental excerpts of record. Submitted by Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905. Date of service: 02/21/2017. [10327878] [16-16832, 16-16905] (Clement, Paul) [Entered: 02/21/2017 07:13 PM]
02/21/2017	52	Filed (ECF) UNDER SEAL Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905 notice of intent to unseal previously sealed material. Material: excerpts of record. Date of service: 02/21/2017. [10327879] [16-16832, 16-16905]--[COURT UPDATE: Attached corrected excerpts, updated docket text to reflect content of filing. 03/01/2017 by LA[(Clement, Paul) [Entered: 02/21/2017 07:16 PM]

03/03/2017	53	Filed (ECF) Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905 Correspondence: Oral argument availability. Date of service: 03/03/2017 [10342422] [16-16832, 16-16905] (Clement, Paul) [Entered: 03/03/2017 01:44 PM]
03/10/2017	54	Submitted (ECF) Reply Brief for review. Submitted by Appellants Seth Ravin and Rimini Street, Inc. in 16-16832, 16-16905. Date of service: 03/10/2017. [10352639] [16-16832, 16-16905] (Perry, Mark) [Entered: 03/10/2017 04:27 PM]
03/10/2017	55	Filed (ECF) UNDER SEAL Appellants Seth Ravin and Rimini Street, Inc. in 16-16832, 16-16905 notice of intent to unseal previously sealed material. Material: excerpts of record. Date of service: 03/10/2017. [10352645] [16-16832, 16-16905] (Perry, Mark) [Entered: 03/10/2017 04:31 PM]

03/16/2017	56	Filed (ECF) notice of filing document ([52]) publicly pursuant to Interim Circuit Rule 27-13(f). Filed by Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905. Date of service: 02/21/2017. (Court-entered filing) [10359478] [16-16832, 16-16905] (WL) [Entered: 03/16/2017 01:27 PM]

03/16/2017	57	Filed clerk order (Deputy Clerk: SVG): On February 21, 2017, appellees filed a notice of intent to file previously sealed documents publicly pursuant to Interim Ninth Circuit Rule 27-13(f), and submitted Volume 4 of the supplemental excerpts of record provisionally under seal. No other party has filed a motion to file or maintain these documents under seal. Therefore, the Clerk is directed to unseal the notice and the excerpts, and to publicly file all volumes of the supplemental excerpts and the answering brief. On March 10, 2017, appellants filed a notice of intent to file previously sealed documents publicly and submitted further excerpts of record provisionally under seal. If no other party files a motion to maintain those excerpts under seal by March 31, 2017, the Clerk shall unseal the notice and the excerpts and shall publicly file the reply brief and the further excerpts of record. Briefing is complete. [10359484] [16-16832, 16-16905] (WL) [Entered: 03/16/2017 01:29 PM]

03/16/2017	58	Submitted (ECF) supplemental excerpts of record Vol 4. Submitted by Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905. Date of service: 02/21/2017. (Court-entered filing, excerpts of record originally submitted in [52].) [10359489] [16-16832, 16-16905] (WL) [Entered: 03/16/2017 01:30 PM]

03/16/2017	59	Filed clerk order: The answering brief [50] submitted by appellees is filed. Within 7 days of the filing of this order, filer is ordered to file 7 copies of the brief in paper format, accompanied by certification, attached to the end of each copy of the brief, that the brief is identical to the version submitted electronically. Cover color: red. The paper copies shall be printed from the PDF version of the brief created from the word processing application, not from PACER or Appellate CM/ECF. The Court has reviewed the supplemental excerpts of record [51], [58] submitted by appellees. Within 7 days of this order, filer is ordered to file 4 copies of the excerpts in paper format, with a white cover. The paper copies must be in the format described in 9th Circuit Rule 30-1.6. [10359642] [16-16832, 16-16905] (KT) [Entered: 03/16/2017 02:05 PM]

03/17/2017	60	Filed (ECF) Appellants Rimini Street, Inc. and Seth Ravin in 16-16832, 16-16905 Correspondence: Scheduling of oral argument. Date of service: 03/17/2017 [10360495] [16-16832, 16-16905] (Perry, Mark) [Entered: 03/17/2017 08:14 AM]
03/20/2017	61	Received 7 paper copies of Answering Brief [50] filed by appellees. [10363579] [16-16832, 16-16905] (SD) [Entered: 03/20/2017 01:40 PM]
03/20/2017	62	Filed 4 paper copies of supplemental excerpts of record [51], [58] in 4 volume(s) filed by Appellees. [10365065] [16-16832, 16-16905] (KT) [Entered: 03/21/2017 10:46 AM]

03/28/2017	63	This case is being considered for the July 2017 San Francisco oral argument calendar. The exact date of your oral argument has not been determined at this time. The following is a link to the upcoming court sessions: http://cdn.ca9.uscourts.gov/datastore/uploads/calendar/sitdates_2017.pdf. Please review these upcoming dates immediately to determine if you have any conflicts with them. If you do have conflicts, please inform the Court within 3 days of this notice by sending a letter to the Court using CM/ECF (**Type of Document:** File Correspondence to Court; **Subject:** regarding availability for oral argument). The Court discourages motions to continue after this 3-day period. The clerk's office takes conflict dates into consideration in scheduling oral arguments but cannot guarantee that every request will be honored. Your case will be assigned to a calendar approximately 10 weeks before the scheduled oral argument date.

		Note that your case will be set for hearing in due course if it is not assigned to this calendar. In addition, if parties would like to discuss settlement before argument is scheduled, they should jointly request a referral to the mediation unit. Such a referral will postpone the calendaring of oral argument. All such requests must be made within 3 days of this notice by sending a letter to the Court using CM/ECF (Type of Document: File Correspondence to Court; Subject: request for mediation). Once the case is calendared, it is unlikely that the court will postpone argument for settlement discussions.[10374091] (AW) [Entered: 03/28/2017 10:51 AM]
03/28/2017	64	Filed (ECF) Appellants Rimini Street, Inc. and Seth Ravin in 16-16832, 16-16905 Correspondence: regarding availability for oral argument. Date of service: 03/28/2017 [10375123] [16-16832, 16-16905] (Perry, Mark) [Entered: 03/28/2017 03:34 PM]

03/31/2017	65	Filed (ECF) UNDER SEAL Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905 motion to maintain record under seal. Date of service: 03/31/2017. [10379687] [16-16832, 16-16905] (Clement, Paul) [Entered: 03/31/2017 03:29 PM]
04/03/2017	66	Filed (ECF) Appellants Rimini Street, Inc. and Seth Ravin in 16-16832, 16-16905 response to motion ([65] Motion (Seal) (ECF Filing)). Date of service: 04/03/2017. [10380422] [16-16832, 16-16905] (Perry, Mark) [Entered: 04/03/2017 09:48 AM]
04/04/2017	67	Filed (ECF) notice of filing document ([55]) publicly pursuant to Interim Circuit Rule 27-13(f). Filed by Appellants Seth Ravin and Rimini Street, Inc. in 16-16832, 16-16905. Date of service: 03/10/2017. (Courtentered filing) [10382920] [16-16832, 16-16905] (WL) [Entered: 04/04/2017 01:25 PM]

04/04/2017	68	Filed Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905 motion to maintain UNDER SEAL. Deficiencies: None. Served on 03/31/2017. (Court-entered filing of motion submitted under seal at [65]) [10382938] [16-16832, 16-16905] (WL) [Entered: 04/04/2017 01:29 PM]
04/04/2017	69	Filed order (Appellate Commissioner): Appellees' motion (Docket Entry No. [65]) to maintain a portion of appellant's Further Excerpts of Record under seal is granted. The Clerk shall publicly file appellants' notice of intent (DE [55]), appellees' motion to maintain under seal (DE [65]), and the reply brief (DE [54]), and shall file the unredacted further excerpts of record under seal. Within 7 days after the date of this order, appellants shall submit for public filing a redacted version of the further excerpts of record that omits pages FER 1 through 5. Briefing is complete. (Sealed Documents) [10382947] [16-16832, 16-16905] (WL) [Entered: 04/04/2017 01:31 PM]

04/04/2017	70	Submitted (ECF) UNDER SEAL Unredacted further excerpts of record. Submitted by Appellants Seth Ravin and Rimini Street, Inc. in 16-16832, 16-16905. Date of service: 03/10/2017. (Court-entered filing, excerpts of record originally submitted in [55].) [10382961] [16-16832, 16-16905] (WL) [Entered: 04/04/2017 01:36 PM]
04/04/2017	71	Submitted (ECF) further excerpts of record. Submitted by Appellants Rimini Street, Inc. and Seth Ravin in 16-16832, 16-16905. Date of service: 04/04/2017. [10383365] [16-16832, 16-16905] (Perry, Mark) [Entered: 04/04/2017 03:17 PM]

04/04/2017	72	Filed clerk order: The reply brief [54] submitted by Seth Ravin and Rimini Street, Inc. is filed. Within 7 days of the filing of this order, filer is ordered to file 7 copies of the brief in paper format, accompanied by certification, attached to the end of each copy of the brief, that the brief is identical to the version submitted electronically. Cover color: gray. The paper copies shall be printed from the PDF version of the brief created from the word processing application, not from PACER or Appellate CM/ECF. The Court has reviewed the further excerpts of record [70] submitted by Seth Ravin and Rimini Street, Inc.. Within 7 days of this order, filer is ordered to file 4 copies of the excerpts in paper format, with a white cover. The paper copies must be in the format described in 9th Circuit Rule 30-1.6. [10383650] [16-16832, 16-16905] (KT) [Entered: 04/04/2017 04:27 PM]

04/04/2017	73	Filed clerk order: The Court has reviewed the redacted further excerpts of record [71] submitted by Seth Ravin and Rimini Street, Inc. Within 7 days of this order, filer is ordered to file 4 copies of the excerpts in paper format, with a white cover. The paper copies must be in the format described in 9th Circuit Rule 30- 1.6. [10383660] [16-16832, 16-16905] (KT) [Entered: 04/04/2017 04:30 PM]
04/06/2017	74	Filed UNDER SEAL 4 paper copies of further excerpts of record [70] in 1 volume(s) filed by Appellants Seth Ravin and Rimini Street, Inc. (sent to panel) [10388193] [16-16832, 16-16905] (KT) [Entered: 04/07/2017 01:19 PM]
04/06/2017	75	Filed 4 paper copies of redacted further excerpts of record [71] in 1 volume(s) filed by Appellants Seth Ravin and Rimini Street, Inc. (sent to panel) [10388227] [16-16832, 16-16905] (KT) [Entered: 04/07/2017 01:31 PM]
04/06/2017	76	Received 7 paper copies of Reply Brief [54] filed by Seth Ravin and Rimini Street, Inc.. [10388263] [16-16832, 16-16905] (SD) [Entered: 04/07/2017 01:41 PM]

04/19/2017	77	Filed (ECF) Appellants Rimini Street, Inc. and Seth Ravin in 16-16832, 16-16905 citation of supplemental authorities. Date of service: 04/19/2017. [10401869] [16-16832, 16-16905] (Perry, Mark) [Entered: 04/19/2017 09:44 AM]
04/25/2017	78	Filed (ECF) Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16- 16832, 16-16905 citation of supplemental authorities. Date of service: 04/25/2017. [10409822] [16-16832, 16-16905] (Clement, Paul) [Entered: 04/25/2017 10:53 AM]

05/03/2017	79	Notice of Oral Argument on Thursday, July 13, 2017 - 09:00 A.M. - Courtroom 1 - San Francisco CA. View the Oral Argument Calendar for your case here. Be sure to review the GUIDELINES for important information about your hearing, including when to arrive (30 minutes before the hearing time) and when and how to submit additional citations (filing electronically as far in advance of the hearing as possible). When you have reviewed the calendar, download the ACKNOWLEDGMENT OF HEARING NOTICE form, complete the form, and file it via Appellate ECF or return the completed form to: SAN FRANCISCO Office. [10420 714] [16-16832, 16-16905] (AKM) [Entered: 05/03/2017 01:55 PM]

05/04/2017	80	Filed (ECF) Acknowledgment of hearing notice. Location: San Francisco. Filed by Attorney Mr. Mark Andrew Perry for Appellants Seth Ravin and Rimini Street, Inc. in 16-16832, Attorney Mr. Mark Andrew Perry for Appellants Rimini Street, Inc. and Seth Ravin in 16-16905. [10421679] [16-16832, 16-16905] (Perry, Mark) [Entered: 05/04/2017 09:52 AM]
05/04/2017	81	Filed (ECF) Acknowledgment of hearing notice. Location: San Francisco. Filed by Attorney Mr. Paul D. Clement for Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832. [10421955] [16-16832, 16-16905] (Clement, Paul) [Entered: 05/04/2017 11:20 AM]
05/05/2017	82	Filed (ECF) Appellants Rimini Street, Inc. and Seth Ravin in 16-16832, 16-16905 Correspondence: re e-briefs. Date of service: 05/05/2017 [10424206] [16-16832, 16-16905] (Perry, Mark) [Entered: 05/05/2017 02:55 PM]

05/05/2017	83	Received Appellants Seth Ravin and Rimini Street, Inc. 4 copies of CDs containing hyperlinked versions of the opening, answering, and reply brief. Deficiencies: motion to transmit physical exhibits required. Notified counsel (See attached notice). [10426104] [16-16832, 16-16905] (KT) [Entered: 05/08/2017 02:43 PM]
05/09/2017	84	Filed (ECF) Appellants Rimini Street, Inc. and Seth Ravin in 16-16832, 16-16905 Unopposed Motion to transmit exhibit. Date of service: 05/09/2017. [10427865] [16-16832, 16-16905] (Perry, Mark) [Entered: 05/09/2017 02:30 PM]
05/12/2017	85	Filed clerk order (Deputy Clerk: AF): Appellants' Unopposed Motion for Leave to File CDs Containing EBriefs is GRANTED. [10432191] [16-16832, 16-16905] (AF) [Entered: 05/12/2017 10:17 AM]
05/12/2017	86	Filed Appellants Seth Ravin and Rimini Street, Inc. 4 copies of CDs containing hyperlinked versions of the opening, answering, and reply briefs. Served on 05/05/2017. Sent to panel. [10433064] [16-16832, 16-16905] (LA) [Entered: 05/12/2017 03:45 PM]

07/13/2017	87	ARGUED AND SUBMITTED TO SUSAN P. GRABER, MICHELLE T. FRIEDLAND and JEREMY D. FOGEL. [10507295] [16-16832, 16-16905] (TG) [Entered: 07/13/2017 11:32 AM]
07/13/2017	88	Filed Audio recording of oral argument. **Note:** Video recordings of public argument calendars are available on the Court's website, at http://www.ca9.uscourts.gov/media/ [10508139] [16-16832, 16-16905] (BJK) [Entered: 07/13/2017 04:59 PM]
10/11/2017	89	Filed (ECF) Appellant Rimini Street, Inc. in 16-16832, 16-16905 corporate disclosure statement. Date of service: 10/11/2017. [10614489] [16-16832, 16-16905] (Perry, Mark) [Entered: 10/11/2017 08:11 PM]

01/08/2018	90	FILED OPINION (SUSAN P. GRABER, MICHELLE T. FRIEDLAND and JEREMY D. FOGEL) The parties shall bear their own costs on appeal. AFFIRMED in Part, REVERSED in Part, VACATED and REMANDED in Part.. Judge: JF Authoring. FILED AND ENTERED JUDGMENT. [10715653] [16-16832, 16-16905] (RMM) [Entered: 01/08/2018 09:07 AM]
01/22/2018	91	Filed (ECF) Appellant Rimini Street, Inc. in 16-16832, 16-16905 petition for rehearing en banc (from 01/08/2018 opinion). Date of service: 01/22/2018. [10733949] [16-16832, 16-16905] (Perry, Mark) [Entered: 01/22/2018 11:45 PM]

01/24/2018	92	Filed order (SUSAN P. GRABER, MICHELLE T. FRIEDLAND and JEREMY D. FOGEL): Appellees are directed to file a response to the petition for rehearing en banc for Appellant Rimini Street, Inc., filed on January 22, 2018. The response shall not exceed 15 pages and shall be filed within 21 days of the filed date of this order. Parties who are registered for ECF must file the response electronically without submission of paper copies. Parties who are not registered ECF filers must file the original response plus 50 paper copies. [10736254] [16-16832, 16-16905] (AF) [Entered: 01/24/2018 09:51 AM]

02/14/2018	93	Filed (ECF) Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905 response to Petition for Rehearing En Banc (ECF Filing), Petition for Rehearing En Banc (ECF Filing) for rehearing by en banc only (all active, any interested senior judges), Order to set response by any party to anything, Order. Date of service: 02/14/2018. [10764600]. [16-16832, 16-16905] (Clement, Paul) [Entered: 02/14/2018 04:12 PM]
02/20/2018	94	Filed (ECF) Appellant Rimini Street, Inc. in 16-16832, 16-16905 Motion for miscellaneous relief [Motion for Leave to File Reply Brief in Support of Petition for Rehearing En Banc]. Date of service: 02/20/2018. [10769099] [16-16832, 16-16905] (Perry, Mark) [Entered: 02/20/2018 10:22 AM]
02/20/2018	95	Filed (ECF) Appellant Rimini Street, Inc. in 16-16832, 16-16905 reply to for rehearing by en banc only (all active, any interested senior judges),. Date of service: 02/20/2018. [10769110]. [16-16832, 16-16905] (Perry, Mark) [Entered: 02/20/2018 10:25 AM]

02/21/2018	96	Filed order (SUSAN P. GRABER, MICHELLE T. FRIEDLAND and JEREMY D. FOGEL): The "Motion of Appellant Rimini Street, Inc., for Leave to File Reply Brief in Support of Petition for Rehearing En Banc" is GRANTED. The reply brief tendered February 20, 2018, is ordered filed. [10771803] [16-16832, 16-16905] (AF) [Entered: 02/21/2018 01:42 PM]
03/02/2018	97	Filed order (SUSAN P. GRABER, MICHELLE T. FRIEDLAND and JEREMY D. FOGEL): Judges Graber and Friedland have voted to deny the petition for rehearing en banc for Appellant Rimini Street, Inc., and Judge Fogel has so recommended. The full court has been advised of the petition for rehearing en banc, and no judge of the court has requested a vote on it. The petition for rehearing en banc for Appellant Rimini Street, Inc., is DENIED. [10784028] [16-16832, 16-16905] (AF) [Entered: 03/02/2018 10:53 AM]

03/13/2018	98	MANDATE ISSUED. The parties shall bear their own costs on appeal. (SPG, MTF and JF) [10797161] [16-16832, 16-16905] (RR) [Entered: 03/13/2018 04:39 PM]
06/04/2018	99	**Supreme Court Case Info** Case number: 17-1625 Filed on: 05/31/2018 Cert Petition Action 1: Pending [10895008] [16-16832, 16-16905] (RR) [Entered: 06/04/2018 11:07 AM]
09/27/2018	100	**Supreme Court Case Info** Case number: 17-1625 Filed on: 05/31/2018 Cert Petition Action 1: Granted, 09/27/2018 [11027759] [16-16832, 16-16905] (HH) [Entered: 09/27/2018 02:07 PM]
10/03/2018	101	Filed (ECF) notice of appearance of John Anthony Polito for Appellees Oracle America, Inc., Oracle International Corporation and Oracle USA, Inc. in 16-16832, 16-16905. Date of service: 10/03/2018. [11034623] [16-16832, 16-16905] (Polito, John) [Entered: 10/03/2018 05:29 PM]

10/04/2018	102	Attorney Thomas S. Hixson, substituted by Attorney John Anthony Polito, [11034711] [16-16832, 16-16905] (CW) [Entered: 10/04/2018 07:07 AM]

United States District Court
District of Nevada (Las Vegas)
CIVIL DOCKET FOR CASE #: 2:10-cv-00106-LRH-VCF

Oracle USA, Inc. et al v. Rimini Street, Inc. et al
Assigned to: Judge Larry R. Hicks
Referred to: Magistrate Judge Cam Ferenbach
Case in other court: 9th Circuit Court of Appeals, 16-16832
9th Circuit Court of Appeals, 16-16905
9th Circuit, 18-16554
Cause: 17:101 Copyright Infringement

Date Filed: 01/25/2010
Date Terminated: 10/18 /2016
Jury Demand: Both
Nature of Suit: 820 Copyright
Jurisdiction: Federal Question

* * *

Date Filed	#	Docket Text
		* * *
10/13/2015	896	JURY VERDICT.(JC) (Entered: 10/14/2015)
		* * *
11/13/2015	917	MOTION for Attorney Fees *and Costs* by Plaintiffs Oracle America, Inc., Oracle International Corporation, Oracle USA, Inc.. Responses due by 11/30/2015. (Hixson, Thomas) (Entered: 11/13/2015)

11/13/2015	918	DECLARATION of Thomas S. Hixson in Support of Oracle's Motion for Costs and Attorneys' Fees re 917 Motion for Attorney Fees; by Plaintiffs Oracle America, Inc., Oracle International Corporation, Oracle USA, Inc.. (Attachments: # 1 Exhibit 1, # 2 Exhibit 2, # 3 Exhibit 3-9, # 4 Exhibit 10, # 5 Exhibit 11, # 6 Exhibit 12, # 7 Exhibit 13- 21, # 8 Exhibit 22, # 9 Exhibit 23, # 10 Exhibit 24, # 11 Exhibit 25, # 12 Exhibit 26, # 13 Exhibit 27, # 14 Exhibit 28, # 15 Exhibit 29)(Hixson, Thomas) (Entered: 11/13/2015)
11/13/2015	919	DECLARATION of Kieran P. Ringgenberg in Support of Oracle's Motion for Costs and Attorneys' Fees re 917 Motion for Attorney Fees; by Plaintiffs Oracle America, Inc., Oracle International Corporation, Oracle USA, Inc.. (Attachments: # 1 Exhibit 1, # 2 Exhibit 2, # 3 Exhibit 3-14)(Hixson, Thomas) (Entered: 11/13/2015)

11/13/2015	920	DECLARATION of James C. Maroulis in Support of Oracle's Motion for Costs and Attorneys' Fees re 917 Motion for Attorney Fees; by Plaintiffs Oracle America, Inc., Oracle International Corporation, Oracle USA, Inc.. (Attachments: # 1 Exhibit A-C) (Hixson, Thomas) (Entered: 11/13/2015)
11/13/2015	921	DECLARATION of Richard J. Pocker in Support of Oracle's Motion for Costs and Attorneys' Fees re 917 Motion for Attorney Fees; by Plaintiffs Oracle America, Inc., Oracle International Corporation, Oracle USA, Inc.. (Hixson, Thomas) (Entered: 11/13/2015)

* * *

11/30/2015	931	ERRATA to 917 Motion for Attorney Fees; filed by Plaintiffs Oracle America, Inc., Oracle International Corporation, Oracle USA, Inc.. (Hixson, Thomas) (Entered: 11/30/2015)

11/30/2015	932	Supplemental DECLARATION re 917 Motion for Attorney Fees; filed by Plaintiffs Oracle America, Inc., Oracle International Corporation, Oracle USA, Inc.. (Attachments: # 1 Exhibit 1 (Amended), # 2 Exhibit 2 (Amended), A, and B (filed under seal)*SEALED* per 940 ORDER)(Hixson, Thomas) Modified on 12/3/2015 to SEAL (MMM). (Entered: 11/30/2015)
11/30/2015	933	AMENDED Supplemental DECLARATION re 917 Motion for Attorney Fees; filed by Plaintiffs Oracle America, Inc., Oracle International Corporation, Oracle USA, Inc.. (Attachments: # 1 Exhibit 1 (Amended), # 2 Exhibit 2 (Amended))(Hixson, Thomas) (Entered: 11/30/2015)

* * *

02/12/2016	996	SUPPLEMENT to 917 Motion for Attorney Fees; by Plaintiffs Oracle America, Inc., Oracle International Corporation, Oracle USA, Inc.. (Hixson, Thomas) (Entered: 02/12/2016)

* * *

03/08/2016	999	DECLARATION of Dennis L. Kennedy re 998 Response to Motion; filed by Defendants Seth Ravin, Rimini Street, Inc.. (Evanson, Blaine) (Entered: 03/08/2016)
03/08/2016	1000	DECLARATION of John L. Trunko re 998 Response to Motion; filed by Defendants Seth Ravin, Rimini Street, Inc.. (Attachments: # 1 Exhibit A, # 2 Exhibit B-1, # 3 Exhibit B-2, # 4 Exhibit B-3, # 5 Exhibit B-4, # 6 Exhibit C-1, # 7 Exhibit C-2, # 8 Exhibit C-3, # 9 Exhibit C-4, # 10 Exhibit D, # 11 Exhibit E-1, # 12 Exhibit E-2, # 13 Exhibit F, # 14 Exhibit G, # 15 Exhibit H, # 16 Exhibit I-1, # 17 Exhibit I-2, # 18 Exhibit J, # 19 Exhibit K, # 20 Exhibit L, # 21 Exhibit M, # 22 Exhibit N-1, # 23 Exhibit N-2, # 24 Exhibit N-3, # 25 Exhibit N-4, # 26 Exhibit O-1, # 27 Exhibit O-2, # 28 Exhibit O-3, # 29 Exhibit P-1, # 30 Exhibit P-2, # 31 Exhibit Q-1, # 32 Exhibit Q-2, # 33 Exhibit Q-3, # 34 Exhibit Q-4, # 35 Exhibit Q-5, # 36 Exhibit Q-6, # 37 Exhibit Q- 7, # 38 Exhibit Q-8, # 39 Exhibit Q-9, # 40 Exhibit Q-10)(Evanson, Blaine) (Entered: 03/08/2016)

03/08/2016	1001	DECLARATION of William G. Ross re 998 Response to Motion; filed by Defendants Seth Ravin, Rimini Street, Inc.. (Evanson, Blaine) (Entered: 03/08/2016)
03/08/2016	1002	DECLARATION of Timothy M. Opsitnick re 998 Response to Motion; filed by Defendants Seth Ravin, Rimini Street, Inc.. (Evanson, Blaine) (Entered: 03/08/2016)
03/08/2016	1003	DECLARATION of Thomas D. Vander Veen re 998 Response to Motion; filed by Defendants Seth Ravin, Rimini Street, Inc.. (Evanson, Blaine) (Entered: 03/08/2016)
03/08/2016	1004	DECLARATION of Robert H. Reckers re 998 Response to Motion; filed by Defendants Seth Ravin, Rimini Street, Inc.. (Attachments: # 1 Exhibit A, # 2 Exhibit B, # 3 Exhibit C, # 4 Exhibit D, # 5 Exhibit E, # 6 Exhibit F, # 7 Exhibit G, # 8 Exhibit H, # 9 Exhibit I, # 10 Exhibit J, # 11 Exhibit K, # 12 Exhibit L, # 13 Exhibit M, # 14 Exhibit N) (Evanson, Blaine) (Entered: 03/08/2016)

03/08/2016	1005	**OBJECTION to 917 Motion for Attorney Fees; filed by Defendants Seth Ravin, Rimini Street, Inc.. (Evanson, Blaine) (Entered: 03/08/2016)**

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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

ORACLE USA, INC., et al., Plaintiffs, vs. RIMINI STREET, INC., et al., Defendants.	Case No. 2:10-cv-00106-LRH-PAL **SEALED ORDER** (Mot Evidentiary Sanctions - Dkt. ##302, 307)

Before the court is Plaintiffs Oracle USA, Inc., Oracle America, Inc., and Oracle International Corporation's Motion for Evidentiary Sanctions (Dkt. ##302, 307). The court has considered the Motion; the Declaration of Kieran P. Ringgenberg in Support of Plaintiffs' Motion (Dkt. #303); Oracle's Appendix of Exhibits (Dkt. ##304, 308); Oracle's Appendix of Exhibits (Dkt. ##305, 309); Oracle's Appendix of Exhibits (Dkt. ##306, 310); Defendants' Opposition (Dkt. ##336, 338); Defendants' Opposition to Oracle's Motion for Evidentiary Sanctions for Spoliation (Dkt. ##336, 338); Plaintiffs' Reply (Dkt. ##355, 356); Declaration of Kieran Ringgenberg in Support of Reply (Dkt. ##357, 358)[1]; and the arguments of

[1] Two versions of each of these moving and responsive papers were filed; one under seal to protect confidential, proprietary information, and a second version redacted of

counsel at a hearing conducted July 17, 2012. Richard Pocker, Kieran Ringgenberg, James Maroulis and Darien Meyer appeared on behalf of the Plaintiffs. West Allen, Trent Webb, and Robert Reckers appeared on behalf of the Defendants.

BACKGROUND

I. The Complaint.

The Complaint (Dkt. #1) in this action was filed January 25, 2010. An Amended Complaint (Dkt. #36) was filed April 19, 2010. The Amended Complaint seeks damages and injunctive relief asserting claims for: (1) copyright infringement; (2) violations of the Federal Computer Fraud and Abuse Act ("FCFAA"); (3) violations of the Computer Data Access and Fraud Act ("CDAFA"); (4) violations of NRS 205.4765; (5) breach of contract; (6) inducing breach of contract; (7) intentional interference with prospective economic advantage; (8) negligent interference with prospective economic advantage; (9) unfair competition; (10) trespass to chattels; (11) unjust enrichment/restitution; (12) unfair practices; and (13) accounting. Oracle alleges that Rimini infringed its intellectual property by copying Oracle's PeopleSoft, J.D. Edwards and Siebel Software application programs. Rimini is alleged to provide cut-rate support for its customers using these applications through unlicensed copies of the software in the form of environments, and by cross-use, that is, using one of the customer's licensed software to support other customers. Oracle argues that Rimini's use of Oracle's software applications

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confidential, proprietary information which is available on the court's docket to the public.

infringes its copyrights. Oracle also claims that Rimini has infringed its Oracle Database which provides a foundation for applications.

II. Rimini's Answer and Counterclaim.

Rimini filed an Answer and Counterclaim (Dkt. #30) March 29, 2010, and an Answer to Oracle's First Amended Complaint and Counterclaim (Dkt. #46) May 6, 2010. The answer and counterclaim aver that Rimini is authorized by every one of its clients to perform work on their behalf and has delivered Oracle software and support materials only to clients who are entitled to them, and only within the scope of that client's entitlement. The answer and counterclaim allege that Rimini is authorized to possess copies of Oracle customer-licensed software by Oracle's customers. Rimini also claims that possessing and using copies of Oracle customer-licensed software is legal and an industry standard for third-party vendors like IBM, AT&T, Accenture, CedarCrestone, and others in the industry who work with the same Oracle customer-licensed software. Rimini maintains that Oracle initiated this litigation as an anti-competitive tactic to interfere with Rimini's after-market support services for enterprise software applications, including software applications licensed by Oracle. The counterclaim accuses Oracle of engaging in anti-competitive tactics to maintain after-market support business by effectively requiring Oracle customers to either continue purchasing after-market support from Oracle, or give up critical support materials the customer has paid for and is entitled to receive. The counterclaim asserts claims for: (1) defamation, business disparagement and trade libel; (2) declaratory judgment of unenforceability of copyright

misuse; and (3) unfair competition under Cal. Bus. & Prof. Code § 17200.

III. The Dispute.

A. Oracle's Motion for Evidentiary Sanctions.

In the current motion, Oracle seeks an order imposing evidentiary sanctions against Defendant Rimini and its CEO Seth Ravin for spoliation for deleting a "software library" containing digital copies of Oracle's copyrighted works. Oracle claims that in January 2010, Rimini employees affirmatively and irretrievably deleted the software library well after Rimini anticipated this lawsuit. As a result, Oracle asks that the court order an adverse inference sanction. Specifically. Oracle seeks an adverse inference instruction to permit the fact-finder to infer that the contents of the deleted software library would have supported Oracle's claims, including a rebuttable presumption of specific facts that the deleted evidence likely would have proved. In addition to a general adverse inference instruction, Oracle seeks the sanction of a rebuttable presumption of two sets of facts. First, Oracle asks that the fact-finder should presume at summary judgment and trial that Rimini copied into the software library a complete copy of each of Oracle's registered works corresponding to the name of the folders that Rimini deleted in January 2010. A list of each of the registered works for which Rimini is seeking a rebuttable presumption is included in the motion at pages 29 through 30. Second, Oracle seeks an order that the fact-finder should presume at summary judgment and trial that each of the 143 PeopleSoft environments (i.e. installed copies of PeopleSoft Software) that Rimini's interrogatory

responses claim were "built" were actually built using materials in the software library, and that Rimini lacks records to identify what software was used to build them.

Oracle's motion argues that Rimini anticipated this lawsuit well before the software library was deleted in January 2010. In December 2008, Rimini threatened Oracle with litigation claiming that Oracle had violated the antitrust laws and demanded that Oracle take steps to make it easier for Rimini to copy Oracle's intellectual property. Appendix of Exhibits (Dkt. #306), Exhibit 47, December 3, 2008, letter from counsel for Rimini, D. Goldfine to Jeffrey Ross, counsel for Oracle. Rimini's counsel sent a follow-up letter December 19, 2008. *Id.*, Exhibit 48, December 19, 2008, letter from Goldfine to Daniel Wall, counsel for Oracle.

Oracle's counsel responded December 23, 2008, stating Rimini's allegations of antitrust violations were baseless, and claiming that Rimini's massive downloading of Oracle's software and support materials was illegal. Appendix of Exhibits (Dkt. #305), Exhibit 40, December 23, 2008 letter from counsel for Oracle, Daniel Wall, to counsel for Rimini. Dan Goldfine. The letter demanded that Rimini "immediately take all necessary measures to preserve all documents, electronic records, and Support Materials that relate or bear witness to the access to and downloading of Oracle Support Materials that has occurred thus far." *Id.* The letter also expressed concern about the library it believed Rimini had compiled for the benefit of XO Communications which included material to a product family not licensed to or in use by XO Communications. *Id.* Oracle was concerned that

Rimini was using this material to support other customers in violation of Oracle's copyrights and licenses. *Id.*

At the deposition of Douglas Zorn, Rimini's Chief Financial Officer ("CFO") who was designated as a Rule 30(b)(6) witness, Oracle learned that Rimini had set aside funds in 2009, in anticipation of this lawsuit. Appendix of Exhibits (Dkt. #304), Exhibit 18, Excerpts of Zorn Deposition. Oracle's motion also argues that in June 2009, Rimini disclosed to investors that Oracle had threatened litigation. Additionally, in September 2009, Oracle claims that Rimini's CEO, Seth Ravin, resisted discovery in an action filed in the Northern District of California against SAP TN representing to the court that Oracle's true purpose in requesting the discovery from Ravin was "pre-complaint discovery" and "pre-litigation discovery" to obtain information for "use in a separate action against Rimini." Appendix of Exhibits (Dkt. #306), Exhibit 54, non-party Seth Ravin's and non-party Rimini Street's Opposition to Oracle's Motion to Compel in Case No. 2:09-cv-1591-KJD-GWF, related to Case No. 07-cv-01658-PJH(EDL) filed in the Northern District of California.

Oracle argues that Rimini has consistently and falsely claimed that: (1) Rimini maintains Oracle software and support materials in client-specific "data silos"; (2) Rimini did not "co-mingle" such material; and (3) a centralized library of materials never existed. Rimini made these claims in its answer and counterclaim and Ravin reiterated these claims when he was deposed in the SAP TN case filed in the Northern District of California. Oracle maintains that discovery conducted in this case

proves that these claims are false. Documents and deposition testimony establish that Rimini created and used a centralized network storage location containing Oracle software and support material that was not in customer-specific "data silos" but intermingled with material obtained from or on behalf of numerous different customers or no customer at all. Oracle claims these files were jumbled together with no obvious way of identifying the origin of each piece of software, and that Rimini employees routinely referred to it as the "software library."

Oracle obtained discovery in this case indicating that as early as mid-2006, Rimini began implementing the library by attempting to download the entire contents of PeopleSoft's Customer Connection website. Appendix (Dkt. #305), Exhibit 37. Mr. Chiu acknowledged at his June 24, 2011, deposition that this material could not possibly have been client-specific because Rimini did not have a single PeopleSoft customer at the time. Appendix of Exhibits (Dkt. 304), Exhibit 10, Excerpts of June 24, 2011, Chiu deposition; Exhibit 23, September 13, 2006, instant message between D. Chiu and S. Tahtaras. Oracle claims that discovery in this case has established that Rimini maintained a software library organized by product line rather than in client-specific "data silos." Although this was more efficient and required less storage than maintaining separate copies of software for each customer, it left Rimini with no clear record to identify the original source of the materials stored in the library. Oracle also claims that the software library was used to create environments to support customers, and that Rimini made no effort to identify the source of the original software when it built numerous

environments by copying software provided by or on behalf of different clients.

In early to mid-2009, Rimini reviewed its practices concerning Oracle's intellectual property after receiving Oracle's demand letters. Appendix of Exhibits (Dkt. #305), Exhibit 32, March 22, 2009, email from B. Slepko to K. Williams regarding Environment Builds forwarded to Chiu July 17, 2009. This email inquired how much more time it would take for Rimini to build each environment directly from the client's delivered software. In June 2009, Rimini announced it was going to "lock down the internal software directory." *Id.*, Exhibit 30, June 15, 2009, email from K. Williams to the Rimini Environments Team. In September 2009, Rimini announced that the software library was not going to be used any longer. Appendix of Exhibits (Dkt. #304), Exhibit 16, excerpts of October 5, 2011, Krista Williams deposition. Oracle claims that at least one Rimini employee complained about the change because it was significantly faster and more efficient to use the software library instead of using the customer's client-specific software files. Oracle argues that the only possible reason for this policy change was because Rimini was aware it was going to be sued by Oracle for cross-using software.

Oracle claims that Rimini continues to deny the extent of the software library and how it was used. Rimini also refuses to admit that the majority of environments built in 2006 through 2009, were built using software from the software library. *See* Appendix of Exhibits (Dkt. #304), Exhibit 7, Rimini's Second Amended Responses to Requests for Admissions Nos. 65 - 68. Oracle served Rimini with interrogatories seeking the contents and use of the

software library, and claims that Rimini's responses do not contain any list of software or otherwise clearly state the contents of the library. Oracle moved to compel complete responses, and Rimini claimed in opposition to the motion to compel that its responses were as full and detailed as Rimini could provide. *See* (Dkt. #167) Parties' November 4, 2011, Joint Case Management Conference Statement at 7-13. The undersigned granted Oracle's motion to compel to the extent of requiring Rimini to designate the deposition testimony of Krista Williams as Rimini's Rule 30(b)(6) testimony on these issues accepting Rimini's representation that this was the best answer that Rimini could provide, and that she had the level of detail that Rimini had. *See* Appendix of Exhibits (Dkt. #304), excerpts of November 8, 2011, status conference.

Rimini also responded to interrogatories asking that it identify what software was used to create each of Rimini's environments. In its Third Supplemental Responses to Interrogatories No. 20 - 22, Rimini admitted that it built some environments from the co-mingled software library, but could not identify which of them. Rather, Rimini's answers to interrogatories list 143 separate environments, relating to more than 100 customers indicating they were built using either the client's installation media or using stored installation media. *Id.*, Exhibit 5, Rimini's Answers to Interrogatories 20 - 22. Rimini also responded that it did not have records to identify all of the environments built from the software library. *Id.*

Rimini's damage expert opined that the measure of Oracle's damages is the value of labor saved by Rimini's challenged practices. Rimini's experts

offered opinions that an increase in portions of Rimini's staff would have permitted Rimini to avoid all of the challenged conduct, and the total cost of all additional labor since 2006, would be approximately 7 million dollars. Rimini reported more than 25 million dollars in revenues in 2010. Oracle claims that the accuracy of Rimini's 7 million dollar estimate of Oracle's damages depends, among other things, on the scope of Rimini's unlawful conduct, including the extent to which it used the software library, what the library contained, and how frequently it was used.

Oracle asserts Rimini engaged in spoliation by deleting the contents of the software library after it anticipated litigation in this case. Rimini clearly had a duty to preserve evidence relevant to Oracle's claims no later than January 2009, when it knew that litigation was more than a possibility. Because Rimini spoliated evidence by deleting the software library, spoliation remedies are appropriate. Oracle maintains that Rimini's deletion of the software library was intentional and willful because Rimini was on clear notice that the content of the software library was potentially relevant to this litigation before the software library was deleted. Oracle also argues that Rimini announced its change in policy regarding the use of the software library precisely because it predicted this lawsuit and understood that Oracle was going to sue Rimini for cross-use. Under these circumstances, the decision to delete the software library was an intentional affirmative act directed by Ms. Williams when she knew that in order to respect Oracle's intellectual property and licensing with former customers, Oracle was required not to share software between customers. In the Ninth Circuit, a finding of bad faith is not a

prerequisite to an adverse inference sanction and simple notice of potential relevance of the destroyed materials to the litigation is sufficient. Thus, it is no defense that Rimini deleted the software library to save storage space.

Oracle also contends that it has been substantially prejudiced by the deletion of the software library for several reasons. First, deletion of the library eliminated unequivocal proof of its complete contents. If the software library had not been deleted, Oracle could have examined its contents and shown that Rimini held copies of Oracle's copyrighted works. With that evidence, there would be no dispute that Rimini copied all of those works in the library, and that the library was not segregated into customer-specific "silos." Rimini admits that evidence of what the library contains is incomplete. Oracle has been forced to piece together evidence of what the library contained from emails and other documents produced in discovery. Additionally, Rimini's deponents have consistently attempted to undermine the limited evidence proving what was in the library by disputing that certain Oracle software was copied into the library.

Second, Oracle claims it was prejudiced by the deletion because the software library would likely have revealed additional information about the software's origin and use. The deleted electronically stored files should also contain metadata indicating, among other things, the dates on which the files were created, modified, and accessed. Oracle cannot establish exactly what metadata associated with the software library would have shown because it was deleted. However, Oracle believes it is highly likely the metadata would have revealed additional

information about the true source of the software and when it was created. Other courts have held that destroyed or altered metadata supports a finding of prejudice and the award of sanctions. The deletion of the software library deleted evidence of the scope of the software library–that is, what was copied into the library, and the extent to which the library was used. Oracle is prejudiced by this deleted evidence in its attempt to prove liability, and to challenge Rimini's experts' claims about damages.

Finally, Oracle argues that lesser sanctions would be inadequate to remedy the spoliation. Oracle believes more severe sanctions could be justified, and argues that it only asks the court to impose an adverse inference sanction to permit the fact finder to infer that the contents of the deleted software library would have supported Oracle's claims. The court should draft a rebuttable presumption instruction that the jury be allowed to infer that the deleted information would be helpful to Oracle and harmful to Rimini. The sanctions should include rebuttable presumptions that the fact finder should presume at summary judgment and trial that Rimini copied into the software library a complete copy of each of Oracle's registered works corresponding to the names of the folders that Rimini deleted in January 2010. It should also contain a rebuttable presumption that the fact finder should presume at summary judgment and at trial that each of the 143 PeopleSoft environments that Rimini's interrogatory responses say were built were actually built using materials in the software library, and that Rimini lacks records to identify what software was used to build them.

B. Rimini's Opposition.

Rimini opposes the motion accusing Oracle of manufacturing disputes based on misrepresentations and distorted facts. Rimini disputes that it deleted its internal software folder to exploit its absence during litigation. Rather, Rimini personnel made a complete record of the files in the internal software folder before it was deleted. Rimini offers to stipulate that Rimini's internal software folder did indeed include a complete copy of each of Oracle's registered works corresponding to the table included in Oracle's motion at pages 29 through 30. This stipulation will cure any prejudice Oracle might have suffered, and any additional evidentiary sanctions are unjustified both factually and legally.

Rimini maintains that no evidence of historic usage of the software library was stored in it. Rimini represents that it is easy to determine the types of metadata maintained by Rimini's servers and easy to verify that the servers did not maintain a log of historical file usage for the deleted software library as Oracle suggests. Rather, the metadata contained in the deleted files was limited to discreet items such as the date the file was created, and the last date the item was modified or accessed. This would not indicate how the files were used or for whom the files were stored, accessed, or modified. Rimini maintains that a number of the 143 environments listed in Oracle's motion were created **after** the software folder was deleted, making it impossible for those environments to have been created using the deleted files.

Under these circumstances, it is inappropriate to give an adverse inference instruction based on speculation about what the deleted materials would

have established. Rimini argues that it merely deleted an obsolete folder of software after the contents of the folder were recorded. Rimini offers to stipulate to the accuracy of these records. As the contents of the deleted folder are not in dispute, the folder's deletion does not warrant the broad and highly prejudicial inferences Oracle seeks.

Rimini concedes that it anticipated potential litigation with Oracle in January 2010. Rimini agrees that Oracle should be restored to the same position it would have been in absent the deletion of the software folder. However, the sanctions Oracle suggests go far beyond putting Oracle in the same position it would have been in but for the deletion of the folder.

Rimini also disputes that the software library was a jumbled collection of Oracle materials cross-used regardless of the clients' scope of entitlement. Rather, Rimini maintains that the software folder contained copies of PeopleSoft installation media and was organized by software releases so that Rimini personnel could easily determine which clients were entitled to the stored media. Multiple clients are licensed by Oracle to the same software, and license rights are not tied to specific installation media. Rimini cites testimony of numerous witnesses that have explained that Rimini implemented strict procedures to ensure that clients only receive the benefit of the software from the internal folder that the client had actually licensed from Oracle. By following these procedures, Rimini operates within the scope of the clients' license rights.

Rimini also claims that Ms. Williams inquired whether the internal software folder should be deleted to reclaim disk space for other folders

because "this repository shouldn't be needed or even used." (Dkt. #309), Oracle Exhibit 25. Ms. Williams requested authorization from Mr. Chiu, her supervisor, who authorized the deletion. Ms. Williams then documented the materials that were to be deleted, and submitted the request to the IT Department. This evidence speaks for itself and demonstrates the lack of any improper motive on the part of Ms. Williams, Mr. Chiu, or any other Rimini employee.

Rimini also disputes that it has attempted to take advantage of gaps in the record created by its deletion of the software folder. Rimini acknowledges that a former employee, Mr. Corpuz, and other Rimini deponents could not testify regarding the internal software folder. Mr. Corpuz repeatedly stated that he could not recall, didn't know, or didn't remember the email that was shown to him at his deposition. However, Rimini claims Mr. Corpuz did not deny the existence of the internal software folder. Additionally, the fact that certain other Rimini deponents could not testify regarding the internal software folder does not indicate Rimini engaged in deception. The internal software folder was principally used by Rimini's PeopleSoft environment group, and the first witness Oracle deposed from that group, Ms. Williams, testified extensively on this topic. Rimini represented to the court during the November 8, 2011, hearing, that Ms. Williams is the most knowledgeable Rimini employee concerning the internal software folder.

Rimini also claims that it has never kept records identifying which environments were built from the internal software folder. This lack of information is not because Rimini deleted the software library, but

because Rimini never maintained such records. Ms. Williams testified at her deposition that if she wanted to determine how an environment was built, she would look at "e-mail traffic" or other Rimini documentation. Rimini argues that it has provided Oracle with all the information it has regarding the ultimate source of its environments, and that the undersigned ruled this was adequate in deciding Oracle's motion to compel.

Rimini also contends that Oracle's argument that the scope and extent of Rimini's use of the software library might impact the accuracy of the damages model of Rimini's damages expert is flawed. This is because Rimini's damages model already assumes that Rimini conducted operations without an internal share folder. Rimini has operated without such a folder for the last several years, so it was easy for Rimini's experts to understand the costs associated with environment builds made without an internal software folder.

Rimini asserts that Oracle is not prejudiced by the missing metadata from the deleted software library because the metadata did not maintain a log of historical file usage that Oracle claims. To support a sanction for an adverse inference, the movant must present some evidence corroborating a claim that the missing evidence would have been favorable to the movant's case. In this case, "Oracle's hypothesized uses for the metadata, however, are uncorroborated, speculative, refuted by the existing evidence, and thus, cannot support its requested inferences." Opposition 10:9-11.

Rimini supports its arguments that the metadata would not show the origin and use of the software with the declaration of Chris Galotze. Galotze avers

that the metadata maintained for the deleted files was standard Microsoft Windows® metadata that would show only the last time a file was used, not every time a file was used. *See* Galotze Declaration (Dkt. #307), Exhibit 25, ¶4. The metadata would not indicate who used the software or for what purpose. *Id.* The metadata associated with the missing files does not include a running list of every date that the file was accessed. *Id.* Rather, the metadata would only contain the date the file was last accessed or modified. *Id.*

The information that could have been gleaned from the metadata from the deleted folder would be of limited probative value, Rimini argues, because it would give no information about who was accessing the software or whether it was being used to create a particular environment. Thus, Oracle's arguments that the missing metadata might allow them to determine the source of Rimini's environments is speculative and does not support Oracle's overly-broad adverse inference instructions. The metadata kept by the Windows® Server operating system is well known. Galotze Declaration at ¶1-4. Rimini also argues that Oracle seeks adverse inferences regarding numerous facts that cannot be possibly be true. For example, Oracle requests an adverse inference instruction that includes numerous environments created after Rimini's internal share folder was deleted. Rimini has identified all environments created after Rimini discontinued use of the internal share folder, and Oracle has not disputed the accuracy of this list. Nevertheless, Oracle seeks an adverse inference instruction about the numerous environments created after January 2010, when the folder was deleted which is impossible. Oracle should not be given an adverse

inference instruction for facts that cannot possibly be true.

Oracle also contends that any prejudice Oracle suffered by the deletion of the software folder will be remedied by its stipulation that complete copies of the identified software were included in the deleted files. With this stipulation, Oracle is no longer required to prove what software was copied into the library. Additionally, because Rimini has produced all available discovery regarding the use of its software library and the creation of its environments, Oracle has ample evidence to prove when software was copied out of the library and is not prejudiced by the deletion of the folder.

Because any prejudice to Oracle will be fully and completely remedied by Rimini's stipulation and production of other evidence, there is no need for additional adverse inference instructions. Adverse inference instructions are powerful tools in a jury trial and brand a party as a bad actor. There is no evidence that Rimini acted in bad faith when it deleted the obsolete folder, and given the complete lack of prejudice to Oracle and the lack of bad faith on Rimini's part, the probative value of Oracle's requested instruction would be substantially outweighed by the danger of unfair prejudice to Rimini. The purpose of an adverse inference instruction is to restore the prejudiced party to the same position it would have been in, and Oracle's requests for adverse inference instructions seek to put it in a better position by wrongfully capitalizing on the deletion to malign Rimini in front of the jury. For all of these reasons, Oracle's request for an adverse inference instruction should be denied.

C. Oracle's Reply.

Oracle replies that Rimini has conceded that it maintained a centralized software library used to provide support to its PeopleSoft customers, deleted this library in January 2010, and that it reasonably anticipated this litigation at the time the library was deleted. Oracle argues that Rimini's assertion that the software library was innocently deleted is contradicted by its representations to this court and Rimini's customers. Because Rimini concedes that it intentionally deleted the library which knowledge it was relevant to anticipated litigation, the deletion was willful under settled Ninth Circuit law. Moreover, Rimini has consistently misrepresented that the library never existed. Under these circumstances, Rimini has failed to rebut overwhelming evidence of bad faith and adverse inference instructions are appropriate.

Oracle also argues that Rimini's proposed stipulation falls far short of filling the hole in the record left by Rimini's spoliation. The proposed stipulation only touches on one of the three remedies Oracle requested concerning a rebuttable presumption regarding the contents of the library. It does not address all the potentially relevant data that was lost, or cure any prejudice Oracle may have incurred from deletion of the folder. Oracle claims that Rimini repeatedly and falsely claimed that the software library did not exist, and when confronted with evidence to the contrary, changed its story. Rimini now claims, for the first time, that its personnel made a complete record of the files before deletion. However, Rimini's response to Oracle's motion does not explain why this complete record of files was not produced or identified in response to

Oracle's discovery requests which generated the motion to compel the court previously granted. Under these circumstances, Oracle argues there is no reason to accept Rimini's claim that the deleted metadata is not important. At a minimum, the metadata fields would have shown the dates that particular files in the software library were created, *i.e.*, copied into the library, and the last date accessed, *i.e.*, last copied out of the library. This would be powerful evidence regarding Rimini's use of Oracle's copyrighted software because it would show whether (1) Rimini downloaded PeopleSoft software to the library before Rimini had any PeopleSoft customers, and (2) some if not many or all of specified client environments were created by copying software obtained from or for other customers.

Oracle acknowledges that whenever a party wilfully destroys evidence, there will always be some uncertainty about what the deleted evidence would have proved. However, Rimini should not be able to capitalize on that uncertainty by claiming Oracle is only speculating that the deleted evidence would have supported Oracle's claims. The evidence that Rimini did not destroy shows the deleted evidence would have been relevant to resolving significant factual issues, which is more than an adequate legal basis to award what Oracle characterizes as "modest relief."

Oracle emphasizes that in the Ninth Circuit, a finding of bad faith is not a prerequisite to an adverse inference instruction. However, it argues that there is ample evidence in the record to conclude that Rimini's deletion was in bad faith because Mr. Chiu and Ms. Williams decided to delete the library

when time they were fully informed about the software library, knew that its use was illegal, and understood that as long as it existed, it represented evidence that would support Oracle's anticipated litigation against Rimini. Evidence in the record concerning Rimini's decision to cease use of the library, Rimini's statements to its customers, and Rimini's denial of the existence of the library in pleadings and depositions in this case is consistent with an awareness that the use of the software library was improper.

DISCUSSION

I. Spoliation Sanctions.

Spoliation is the destruction or significant alteration of evidence, or the failure to preserve property for another's use as evidence in pending, or reasonably foreseeable litigation. *United States v. Kitsap Physicians Sys.*, 314 F.3d 995, 101 (9th Cir. 2002) (citing *Akiona v. United States*, 938 F.2d 158, 161 (9th Cir. 1991)). A party engages in spoliation as a matter of law only if it had some notice that the evidence was potentially relevant to the litigation before it was destroyed. *Id.* A party has a duty to preserve evidence it knows or should know is relevant to a claim or defense of any party, or that may lead to the discovery of relevant evidence. *Id.*; *see also In re: Napster*, 462 F.Supp.2d 1060, 1067 (N.D.Cal. 2006). When a potential claim is identified, a litigant is under a duty to preserve evidence which it knows or reasonably should know is relevant to the action. *Id.* (citing *National Association of Radiation Survivors v. Turnage*, 115 F.R.D. 543, 556-57 (N.D. Cal. 1987)).

A trial court has broad discretion in determining a proper sanction for spoliation, including outright dismissal of the lawsuit. *See Chambers v. NASCO, Inc.*, 501 U.S. 32 45 (1991). Additionally, "[a] federal trial court has the inherent discretionary power to make appropriate evidentiary rulings in response to the destruction or spoliation of relevant evidence." *Glover v. BIC Corp.*, 6 F.3d 1318, 1329 (9th Cir. 1993). The court has the discretion to sanction a responsible party by instructing the jury that it may infer the spoliated evidence would have been unfavorable to the responsible party. *Id.* A finding of "bad faith" is not a prerequisite to an adverse inference instruction. *Id.* (citing *Unigard Sec. Ins. Co. v. Lakewood Engineering & Manufacturing Corp.*, 982 F.2d 363, 368-70 & n.2). An adverse inference instruction may be given upon a finding that the evidence was destroyed after a party was on notice of the potential relevance of the evidence to the litigation. *Id.* The Ninth Circuit has held that a trial court's "adverse inference sanction should be carefully fashioned to deny the wrongdoer the fruits of its misconduct yet not interfere with that party's right to produce other relevant evidence." *In re: Oracle Corp. Securities Litigation*, 627 F.3d 376, 386 (9th Cir. 2010). The Ninth Circuit reviews a district court's exercise of its discretionary power to impose spoliation sanctions for an abuse of discretion. *Id.* at 386.

In examining a spoliation claim, the court determines whether destruction or failure to preserve evidence results in prejudice to the opposing party. *Leon v. IDX Systems Corp.*, 464 F.3d 951, 959 (9th Cir. 2006). In determining whether a party has been prejudiced by spoliation, the court inquires whether the spoliating party's destruction of

evidence impairs the non-spoliating party's ability to go to trial or threatens to interfere with the rightful decision of the case. To be actionable, the spoliation of evidence must damage the right of a party to bring an action. *Ingram v. United States*, 167 F.3d 1240, 1246 (9th Cir. 1999) (citing *Unigard*, 982 F.2d at 371). In *Anheuser-Busch*, the Ninth Circuit found prejudice when a party's refusal to provide certain documents "forced Anheuser to rely on incomplete and spotty evidence" at trial. 69 F.3d at 354.

In *Akiona v. United States*, the Ninth Circuit explained the twin rationales for permitting the trier of fact to draw an adverse inference from the destruction of evidence relevant to a case. The evidentiary rationale for an adverse inference is based on "the common sense observation" that a party who has notice that evidence is relevant to litigation and destroys the evidence is more likely to have been threatened by the evidence than is a party in the same position who does not destroy evidence. *Akiona*, 938 F.2d at 161. There is also a deterrence rationale for permitting the trier of fact to draw an adverse inference from the destruction of evidence because an adverse inference instruction punishes a party for wrongdoing and is intended to deter others from destroying relevant evidence. *Id.*

II. Analysis.

Rimini concedes that it anticipated litigation with Oracle in January 2010, well before the internal software library was deleted. Rimini does not dispute that the library contained information potentially relevant to this litigation. Rather, Rimini argues that destruction of the software library is not prejudicial to Oracle because Rimini will stipulate that Rimini's internal software folder included a complete copy of

each of Oracle's registered works corresponding to the table included in Oracle's motion at pages twenty-nine through thirty. Rimini also argues that Oracle is not prejudiced by the deletion of the software library because metadata maintained for the deleted files was standard Microsoft Windows metadata that would only show the date the file was created and the last date the file was modified or accessed. The metadata did not show historic usage of the software library such as how the files were used or for whom the files were stored, accessed, or modified. Additionally, Rimini contends that Oracle is not prejudiced by deletion of the software library because Rimini never maintained records identifying which environments were built using the internal software folder. Rimini cites Ms. Williams' deposition testimony that she would look at email traffic or other Rimini documentation to determine how an environment was built and represents that Rimini provided Oracle with all the information it has regarding the ultimate source of its environments. Finally, Rimini argues Oracle is not prejudiced in its ability to analyze Rimini's damages model because Rimini has operated without the internal software library since it was deleted in January 2010. Thus, it was easy for Rimini's experts to understand the costs associated with environment builds made without an internal software folder.

The court finds that Rimini spoliated evidence when it deleted the software library in January 2010. The deletion was authorized by the Vice President of On Boarding, Mr. Chiu, who is responsible for client transition to Rimini support. On January 12, 2010, Rimini employee Krista Williams emailed Mr. Chiu that she had come across the "repository of software" that had "served as a sort of software media library."

Appendix of Exhibits (Dkt. #305) at Exhibit 25. Ms. Williams asked Mr. Chiu if she should "ask IT to clear it out" citing a desire to free storage space. *Id.* Mr. Chiu agreed, responding "that was our original network share location before we had the customer drives. Would you mind submitting the IT request to have that deleted?" *Id.* On January 13, 2010, Ms. Williams sent IT specific instructions for deletion of the library. *Id.* at Exhibit 34. Ms. Williams' January 13, 2010, email to IT directed the deletion of directories on rsi-cisvrO. *Id.* The email attached an image of the folders to be deleted. At least thirty-three folders were deleted including folders named for numerous versions of various PeopleSoft applications and related software and documentation. *Id.*

Two months after these folders were deleted, Rimini filed an Answer and Counterclaim (Dkt. #30) on March 29, 2010. In its counterclaim, Rimini alleged that Oracle's software and support materials were stored in client-specific "data silos," were not co-mingled, and that a co-mingled software library "never existed" at Rimini. *See* Answer and Counterclaim (Dkt. #30) ¶¶ 4, 19, 33, 34, 48 and 40. Rimini's answer and counterclaim specifically denied that it stockpiled a library of Oracle's intellectual property to support its present and prospective customers and claimed that such a library never existed at Rimini. *Id.* at ¶34.

The court finds that Rimini's deletion of the software library was willful, in the sense that it was intentionally deleted well after Rimini was on notice of potential litigation with Oracle regarding Rimini's use of Oracle's copyrighted software. Further, it was deleted when Rimini knew or reasonably should have

known that evidence from the software library was potentially relevant to this litigation. Additionally, the court finds that Oracle has been prejudiced by the deletion of the software library. However, the court also finds that Rimini's offer to stipulate that the deleted software library included a complete copy of Oracle's copyrighted software in dispute in this litigation will remedy any prejudice stemming from a lack of proof of what copies of Oracle's copyrighted works were maintained in the library. Rimini's offer to stipulate provides Oracle with a greater remedy than the rebuttable presumption sanction that Oracle requested in the motion.

The court also finds that deletion of the software library is prejudicial to Oracle because it has been denied evidence about the use of the library and the creation of client environments in dispute in this litigation. Rimini's opposition to the motion represents that metadata from the deleted software library did not contain a log of historical usage, only the date created and the last date the file was accessed or modified. Given Rimini's initial denial that it ever maintained a software library, the court understands Oracle's reservations about the veracity of these representations. However, accepting them as true does not mean that the information that did exist would not be relevant or helpful in proving Oracle's claims. Oracle alleges that Rimini downloaded and used Oracle's PeopleSoft software without authorization and stored PeopleSoft software in a centralized software library to build environments for Rimini's customers. Oracle also claims that Rimini used installation media/software obtained for some of Rimini's customers to build environments for other customers. Oracle refers to this as "cross-use." Oracle maintains that cross-use

of its software violated license agreements with its customers because each client's license rights were tied to a specific installation media. The court agrees with Oracle that at a minimum, the metadata from the deleted software library would have shown the dates that particular files in the software library were created or copied into the library and the last date they were accessed or copied out of the library. The court is also persuaded by Oracle's arguments that this would provide evidence of Rimini's use of Oracle's copyrighted software because it would show whether (1) Rimini downloaded PeopleSoft software to the library before Rimini had any PeopleSoft customers, and (2) whether at least some of specified client environments were created by copying software obtained from or for other customers.

The court will therefore grant Oracle's motion for spoliation sanctions and order that the jury be instructed that Rimini had a complete copy of each of Oracle's registered works identified on pages twenty-nine through thirty of Oracle's motion in its software library. The court will also grant Oracle's request for an adverse inference instruction to the jury that Rimini breached its duty to preserve relevant evidence when it deleted the software library in January 2010, knowing that Oracle was likely to file a lawsuit against it for alleged illegal activity in copying and using Oracle's software, and knowing the software library contained evidence potentially relevant to this lawsuit.

However, Oracle overreaches when it requests spoliation sanctions in the form of a rebuttable presumption that each of the 143 PeopleSoft environments that Rimini's interrogatory responses claim were built were actually built using materials

in the software library and that Rimini lacks records to identify what software was used to build them. It is undisputed that many of these environments were built after the 2010 deletion of the software library. It is also undisputed that Rimini has produced some records which identify what software was used to build some of the environments. The records are "spotty and incomplete", but it is simply not true that Rimini has no records.

For the reasons stated,

IT IS ORDERED that:

1. Oracle's Motion for Evidentiary Sanctions (Dkt. ##302, 307) is **GRANTED in part** and **DENIED in part.**

2. The motion is **GRANTED** to the extent that Oracle shall not be required to prove, and it shall be conclusively established, that Rimini had a complete copy of Oracle's registered works in its deleted software library folder. Specifically, the jury shall be instructed that Rimini had a complete copy of each of the following Oracle Registered Works in its software library:

    a. PeopleSoft Customer Relationship Management Version 8.8;

    b. PeopleSoft Customer Relationship Management Version 8.9;

    c. PeopleSoft Electronic Performance Management Version 8.8;

    d. PeopleSoft Electronic Performance Management Version 8.9;

e. PeopleSoft Financials and Supply Chain Management Version 8.4 Service Pack 2;

f. PeopleSoft Financials and Supply Chain Management Version 8.8 Service Pack 1;

g. PeopleSoft Financials and Supply Chain Management Version 9;

h. PeopleSoft Human Resources Management System Version 8 Service Pack 1;

i. PeopleSoft Human Resources Management System Version 8.3 Service Pack 1;

j. PeopleSoft Human Resources Management System Version 8.8 Service Pack 1;

k. PeopleSoft Human Resources Management System Version 8.9;

l. PeopleSoft Human Resources Management System Version 9.0;

m. Each of the separately registered versions of PeopleBooks alleged in this action;

n. People Tools Version 8.21;

o. People Tools Version 8.22;

p. People Tools Version 8.42;

q. People Tools Version 8.45;

r. People Tools Version 8.46;

s. People Tools Version 8.47;

t. People Tools Version 8.48; and

u. People Tools Version 8.49.

3. The motion is **GRANTED** to the extent that the jury should be instructed that Rimini breached its duty to preserve relevant evidence when it deleted the software library in January 2010, knowing that Oracle was likely to file a lawsuit against it based on claims that Rimini was impermissively using Oracle's registered copyright software and knowing that the software library contained evidence potentially relevant to Oracle's anticipated lawsuit. The jury shall be instructed that it may, but is not required, to infer that the software library contained evidence that was favorable to Oracle's claims and unfavorable to Rimini's claims and defenses in this case.

4. The motion is **DENIED** in all other respects.

Dated this 29th day of March, 2013.

s/ Peggy A. Leen
Peggy A. Leen
United States Magistrate Judge

UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

* * *

ORACLE USA, INC.; et al., Plaintiffs, v. RIMINI STREET, INC., a Nevada corporation; SETH RAVIN, an individual, Defendants.	2:10-CV-00106-LRH-PAL ORDER

Before the court is plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation's (collectively "Oracle") motion for partial summary judgment on their first cause of action for copyright infringement and on defendant Rimini Street, Inc.'s ("Rimini") second, third, and sixth affirmative defenses. Doc. #237.[1] Defendant Rimini filed an opposition 1 (Doc. #259) to which Oracle replied (Doc. #281).

I. Facts and Procedural History

Oracle develops, manufacturers, and licenses computer software, including Enterprise Software programs[2]. Oracle is the current owner and/or

[1] Refers to the court's docket entry number.

[2] Enterprise Software is a type of computer software program that enables core operational tasks - like payroll, human resource tasking, and inventory management - across

exclusive licensee for various PeopleSoft, J.D. Edwards, and Siebel-branded Enterprise Software products. Rather than sell the software outright, Oracle licenses the use of the software to customers through software licensing agreements. Oracle also provides software support services to its customers, if requested, through separate software support service contracts.

Defendant Rimini is a company that provides similar software support services to customers licensing Oracle's Enterprise Software programs and competes directly with Oracle to provide these services.

On January 25, 2010, Oracle filed a complaint alleging that Rimini copied several of Oracle's copyright protected software programs onto its own computer systems in order to provide software support services to its customers. In its complaint, Oracle alleges thirteen separate causes of action against Rimini: (1) copyright infringement; (2) violation of the Federal Computer Fraud and Abuse Act ("CFAA"), 18 U.S.C. §§ 1030(a)(2)(C), (a)(4), & (a)(5); (3) violation of the California Computer Data

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an entire organization. Instead of being tied to a specific computer, Enterprise Software is hosted on a server and provides simultaneous access and service to a large number of users over a computer network. These features and functions are in contrast to typical computer software, which is generally a single-user application executed on a user's personal computer.

A key feature of Enterprise Software is the ability to modify and customize the software for an entity's specific needs and to support the software through periodic software and regulatory updates to maintain the software's continuing functionality.

Access and Fraud Act ("CDAFA"), Cal. Penal Code § 502; (4) violation of Nevada Revised Statutes ("NRS") § 205.4765; (5) breach of contract; (6) inducement of breach of contract; (7) intentional interference with prospective economic advantage; (8) negligent interference with prospective economic advantage; (9) unfair competition; (10) trespass to chattels; (11) unjust enrichment; (12) unfair practices; and (13) accounting. Doc. #1.

On March 29, 2010, Rimini filed an answer contesting Oracle's claims and alleging three counterclaims: (1) defamation, business disparagement, and trade libel; (2) copyright misuse; and (3) unfair competition in violation of California Business and Professional Code, Cal. BPC. § 17200. Doc. #30. Rimini also raised eleven affirmative defenses to Oracle's claims: (1) invalid copyrights; (2) express license; (3) consent of use; (4) copyright misuse; (5) improper registration; (6) implied license; (7) merger; (8) statute of limitations; (9) laches; (10) fair use; and (11) limitations on exclusive rights of computer programs under 17 U.S.C. § 117. *Id.*

In April 2010, Oracle filed an amended complaint (Doc. #36) to which Rimini filed an amended answer (Doc. #46) and a motion to dismiss (Doc. #48). On August 13, 2010, the court granted in-part and denied in-part Rimini's motion, dismissing Oracle's eighth cause of action for negligent interference with prospective economic advantage. Doc. #78.

In response to Rimini's amended answer, Oracle filed a motion to dismiss certain of Rimini's counterclaims and affirmative defenses. Doc. #67. On October 29, 2010, the court granted in-part and denied in-part Oracle's motion, dismissing several defamation allegations from Rimini's first

counterclaim for defamation and dismissing the entirety of Rimini's fourth affirmative defense for copyright misuse. Doc. #111.

In June 2011, Oracle filed a second amended complaint. Doc. #146. In response, Rimini filed its second amended answer raising six additional affirmative defenses: (12) contract defense; (13) privilege; (14) economic interest; (15) consent; (16) preemption; (17) lack of contract; and (18) mitigation of damages. Doc. #153. Thereafter, Oracle filed the present motion for partial summary judgment on its first cause of action for copyright infringement and on Rimini's second, third, and sixth affirmative defenses. Doc. #237.

II. Legal Standard

Summary judgment is appropriate only when the pleadings, depositions, answers to interrogatories, affidavits or declarations, stipulations, admissions, and other materials in the record show that "there is no genuine issue as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). In assessing a motion for summary judgment, the evidence, together with all inferences that can reasonably be drawn therefrom, must be read in the light most favorable to the party opposing the motion. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986); *Cnty. of Tuolumne v. Sonora Cmty. Hosp.*, 236 F.3d 1148, 1154 (9th Cir. 2001).

The moving party bears the initial burden of informing the court of the basis for its motion, along with evidence showing the absence of any genuine issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). On those issues for which it

bears the burden of proof, the moving party must make a showing that is "sufficient for the court to hold that no reasonable trier of fact could find other than for the moving party." *Calderone v. United States*, 799 F.2d 254, 259 (6th Cir. 1986); *see also Idema v. Dreamworks, Inc.*, 162 F. Supp. 2d 1129, 1141 (C.D. Cal. 2001).

To successfully rebut a motion for summary judgment, the non-moving party must point to facts supported by the record which demonstrate a genuine issue of material fact. *Reese v. Jefferson Sch. Dist. No. 14J*, 208 F.3d 736, 738 (9th Cir. 2000). A "material fact" is a fact "that might affect the outcome of the suit under the governing law." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). Where reasonable minds could differ on the material facts at issue, summary judgment is not appropriate. *See v. Durang*, 711 F.2d 141, 143 (9th Cir. 1983). A dispute regarding a material fact is considered genuine "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Liberty Lobby*, 477 U.S. at 248. The mere existence of a scintilla of evidence in support of the party's position is insufficient to establish a genuine dispute; there must be evidence on which a jury could reasonably find for the party. *See id.* at 252.

III. Discussion

This motion concerns Oracle's first cause of action for copyright infringement and Rimini's second affirmative defense for express license, third affirmative defense for consent of use, and sixth affirmative defense for implied license. *See* Doc. #237. Oracle's claim for copyright infringement, as it relates to the present motion, arises from Rimini's

copying of Oracle's copyright protected PeopleSoft, J.D. Edwards, and Siebel-branded Enterprise Software programs on Rimini's company systems in order to provide software support services to four separate customers: the City of Flint, Michigan ("City of Flint"); the school district of Pittsburgh, Pennsylvania ("Pittsburgh Public Schools"); Giant Cement Holding, Inc. ("Giant Cement"); and Novell, Inc. ("Novell"). Each customer is a licensee of at least one of Oracle's copyright protected Enterprise Software programs, but receives software support services from Rimini. In its motion for summary judgment, Oracle has identified the following licensed software products, registered copyrights, and alleged infringing copies of the licensed software for each customer:

Customer	**Enterprise Software Product**	**Copyrights** [3]	**Infringing Copy**
City of Flint	PeopleSoft HRMS 7.5 PeopleTools 7.5	TX 4-792-575 TX 4-792-578	H751COFO #1 H751COFO #2 H751COF2 H751DEVO H751AUC

[3] To reduce the number of copyright registrations at issue in this action, the parties have stipulated (and the court has so ordered) that the protected expression in later releases and versions of the PeopleSoft, J.D. Edwards, and Siebel-branded software programs includes the protected expression contained in earlier releases and versions of the software. *See* Doc. #149.

Customer	Enterprise Software Product	Copyrights [3]	Infringing Copy
Pittsburgh Public Schools	PeopleSoft HRMS 8.3 PeopleTools 8.10 PeopleSoft FSCM 8.4 PeopleTools 8.48	TX 5-469-032 TX 5-266-221 TX 5-586-247 TX 7-092-819	H831PPSM H831PPS2 F842PPSM #1 F842PPSM #2
Giant Cement	JD Edwards EnterpriseOne 8.10	TX 6-541-038	JGEHE5TSA1
Novell	Siebel 7.7.1	TX 6-941-993	NOVELL-AP01 NOVELL-CLI

As addressed in detail below, Rimini concedes in its opposition that it copied the identified copyrighted software programs to create the allegedly infringing development environments[4] on its company systems so that it could develop and test software updates for its customers. *See generally*

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[4] In order to develop and test software updates for Enterprise Software, support service providers (like Oracle and Rimini) create development environments of the software. A development environment is a software environment that contains a copy of the software program which is then modified to develop and test software updates. Given the critical nature of Enterprise Software programs, updates to the software must be fully tested and verified in a development environment before they are provided to a customer.

Doc. #259. However, Rimini argues that its copying of the software was authorized (1) by the express language of Oracle's customer software licensing agreements, and/or (2) implicitly by Oracle's conduct and consent in shipping back-up copies of the licensed software's installation media to Rimini's facilities. The court shall address the parties' claims and affirmative defenses below.

A. Copyright Infringement (First Cause of Action)

To establish a prima facie case of copyright infringement, Oracle must show (1) ownership of the relevant copyrights, and (2) copying of protected expression by Rimini. *Range Road Music, Inc. v. East Coast Foods, Inc.*, 668 F.3d 1148, 1153 (9th Cir. 2012); *Funky Films, Inc. v. Time Warner Entm't Co.*, 462 F.3d 1072, 1076 (9th Cir. 2006).

Here, it is undisputed that Oracle is the owner and/or exclusive licensee of the eight registered copyrights at issue in this motion. *See* Doc. #238, Adler Decl., Exhibits 1-9. Further, it is undisputed, and Rimini concedes in its opposition, that it copied Oracle's copyright protected software when it built development environments for the four customers at issue in this motion. *See generally* Doc. #259. Based on these undisputed facts, the court finds that Oracle has established a prima facie case of copyright infringement. *See e.g., Triad Sys. Corp. v. Southeastern Express Co.*, 64 F.3d 1330, 1335 (9th Cir. 1995) (prima facie case of copyright infringement found where defendant was "copying [plaintiff's] entire [computer] programs" in order to provide software and maintenance support); *MAI Sys. Corp. v. Peak Computer Corp.*, 991 F.2d 511, 517-519 (9th Cir. 1993) (affirming summary

judgment on the claim of copyright infringement where defendant copied plaintiff's software onto its systems to provide competing software maintenance services).

However, Oracle's claim of copyright infringement is subject to Rimini's challenged affirmative defenses of express license, implied license, and consent. Therefore, the court must address each affirmative defense before determining whether Oracle is entitled to summary judgment on this claim.

B. Express License (Second Affirmative Defense)

Express license is an affirmative defense. *Worldwide Church of God v. Philadelphia Church of God, Inc.*, 227 F.3d 1110, 1114 (9th Cir. 2000). As the party alleging the affirmative defense, Rimini has the initial burden to identify any license provision(s) that it believes excuses its infringement. *Michaels v. Internet Entm't Group, Inc.*, 5 F. Supp. 2d 823, 831 (C.D. Cal. 1998). If Rimini identifies any relevant license provision, Oracle may overcome the defense of express license by showing that Rimini's conduct exceeded the scope of that provision. *LGS Architects, Inc. v. Concordia Homes*, 434 F.3d 1150, 1156 (9th Cir. 2006).

Construing the scope of a license is principally a matter of contract interpretation.[5] *S.O.S., Inc. v.*

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[5] By their express terms, the PeopleSoft and Siebel-branded software licenses at issue in this action are to be construed in accordance with the laws of the State of California. *See e.g.*, Doc. #242, Exhibit 10, City of Flint's Software Licensing Agreement, §15 ("This Agreement is made in and shall be

Payday, Inc., 886 F.2d 1081, 1088 (9th Cir. 1989). The starting point for the interpretation of any contract is the plain language of the contract. *Klamatch Water Users Protective Ass'n v. Patterson*, 20 F.3d 1206, 1210 (9th Cir. 1999) ("Whenever possible, the plain language of the contract should be considered first."). When a contract contains clear and unequivocal provisions, those provisions shall be construed to their usual and ordinary meaning. *Id.* Then, using the plain language of the contract, the court shall effectuate the intent of the parties. *Id.* at 1210 ("Contract terms are to be given their ordinary meaning, and when the terms of a contract are clear, the intent of the parties must be ascertained from the contract itself.").

However, if a contract term is ambiguous, the court may look beyond the plain language of the

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governed by the laws of the State of California."). The J.D. Edwards-branded software license at issue is to be construed in accordance with the laws of the State of Colorado. Doc. #242, Exhibit 16, Giant Cement's Software Licensing Agreement, Art. XI, §2 ("All disputes arising out of or related to this Agreement shall be determined under the laws of the State of Colorado.").

When construing licenses under California law, "the exception to the parol evidence rule is broad - extrinsic evidence is admissible to demonstrate that there is an ambiguity in an instrument and for the purpose of construing this ambiguity." *Adobe Sys., Inc. v. One Stop Micro, Inc.*, 84 F. Supp. 2d 1086, 1090 (N.D. Cal. 2000). A court may consider extrinsic evidence of industry customs, course of dealing, and course of performance. *Id.* Like California, Colorado also allows for consideration of extrinsic evidence to determine whether there is an ambiguity in the contract. *See Sola Salon Studios, LLC v. Heller*, Case No. 08-cv-1565-PAB-BNB, 2012 U.S. Dist. LEXIS 36247, *6 (D. Colo. 2012).

contract to determine the intent of the parties. *See e.g., Foad Consulting Group, Inc. v. Azzalino*, 270 F.3d 821, 828 (9th Cir. 2001) ("If a party's extrinsic evidence creates the possibility of an ambiguity, a court may not rely on the text of the contract alone to determine the intent of the parties."). A contract term is ambiguous if it is "reasonably susceptible to more than one interpretation." *Shelton v. Shelton*, 78 P.3d 507, 510 (Nev. 2003).

In this action, it is undisputed that Rimini does not have its own software license from Oracle for any of the identified Enterprise Software programs copied on its systems. Instead, Rimini contends that Oracle's software licensing agreements with the four customers at issue in this motion expressly authorize it to copy, keep, and maintain copies of the copyrighted software on its company systems and under its control in order to provide contracted software support services to those customers. *See* Doc. #259, p.8. As each customer's software licensing agreement is different, the court must evaluate Rimini's express license affirmative defenses separately for each customer at issue in this motion.

1. City of Flint

Oracle has identified five development environments on Rimini's systems associated with the City of Flint which contain copies of Oracle's copyrighted PeopleSoft-branded software. These development environments are identified on Rimini's systems as H751COFO #1, H751COFO #2, H751COF2, H751DEVO, and H751AUC.

In its motion, Oracle contends that Rimini cannot meet its burden of identifying a relevant software license excusing its infringement of Oracle's

copyrighted software. *See e.g., Michaels*, 5 F. Supp. 2d at 831 (holding that to establish the affirmative defense of express license, defendant must identify a license that authorized it to copy the protected work). Initially, Oracle argues that Rimini cannot assert the City of Flint's software licensing agreement[6] as a defense in this action because Rimini cannot prove that the City of Flint's software installation media (the installation disc provided by Oracle for the licensed software) was used to build the development environments associated with the City of Flint.[7] *See* Doc. #237, p.18-19.

Oracle's initial argument is premised on the flawed assumption that the rights to use and install

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[6] A full and complete copy of the City of Flint's Software License and Service Agreement is attached as Exhibit 10 to Oracle's Appendix of Exhibits Cited in Support of Oracle's Motion for Partial Summary Judgment. Doc. #242, Exhibit 10

[7] It is undisputed in this action that Rimini does not know which, if any, of its customer's software installation media was used to build the development environments associated with the City of Flint. In particular, Rimini admits that it does not know the exact source of the PeopleSoft-branded software that was used to build development environments H751DEVO, H751AUD, and H751COFO #1. Doc. #242, Exhibit 25, p.3. H751COFO #2 is a cloned copy of H751COFO #1, so its origins are also unknown. *Id.*

Further, although Rimini states that development environment H751COF2 was built directly from a customer's software installation media, Rimini admits that it cannot identify the customer whose installation media was used to build that environment. Doc. #242, Exhibit 24, p.30:22-23 ("Rimini does not have records from which it can identify all of the local PeopleSoft environments created from the stored installation media.").

the licensed software are restricted and tied solely to the specific software installation media delivered by Oracle, and is in direct contention with the express language of the City of Flint's license as well as federal copyright law. In the City of Flint's license, Oracle granted the City of Flint "a perpetual, non-exclusive, non-transferable license to use the licensed Software." Doc. #242, Exhibit 10, §1.1. "Software" is defined as "all or any portion of the then commercially available global version(s) of the binary computer software programs." *Id.* at §16. Nowhere does the licensing agreement require the City of Flint to install the licensed software from the specific installation media provided by Oracle.[8] Rather, the license grants the City of Flint the right to install and use "version(s)" of the licensed software.[9] This is separate from, and in contrast to, a right to install and use *only* the provided software installation media. Other provisions of the City of Flint's license are in accord; differentiating between the licensed software and the provided installation media. *See e.g.*, Doc. #242, Exhibit 10, § 4 (stating that Oracle "retains title to all portions of the Software," but "[t]itle to the physical media for the Software vests in [the City of Flint] upon delivery").

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[8] The court notes that although the easiest way to install the licensed software is through a customer's provided installation media, it is not the *only* way to install the licensed software. For example, the licensed software could be downloaded from Oracle to a customer's system.

[9] It is undisputed that the development environments associated with the City of Flint contain copies of the versions of the PeopleSoft-branded software licensed by the City of Flint.

Additionally, under federal law, software installation media is not protected under federal copyrights. This is because software copyrights are separate and distinct from the physical objects on which they may be embodied. *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1336 (9th Cir. 1984) ("The ownership of the copyright is separate and independent from ownership of the material object in which it is embodied."); *see also Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 449 (2007) (holding that copyrighted software "is an idea without physical embodiment"). Consistent with this authority, the court finds that the rights granted by the City of Flint's software licensing agreement are not limited or restricted to any specific physical embodiment of the software, like Oracle's provided software installation media.

Therefore, the court finds that the rights contained in the City of Flint's license apply equally to the copies of the copyrighted software maintained on Rimini's systems regardless of whether Rimini used the specific installation media provided by Oracle to make those copies. As such, Rimini's failure to prove that the City of Flint's software installation media was used to create the identified development environments is not determinative to Rimini's affirmative defense, and Rimini may assert the City of Flint's software license as a defense to Oracle's claim of copyright infringement.

As the court has found that Rimini may assert the City of Flint's license in this action, Rimini must now identify those license provisions, if any, that expressly authorize its copying of Oracle's copyrighted PeopleSoft-branded software. *Michaels*, 5 F. Supp. 2d at 831. In support of its affirmative

defense, Rimini identifies three license provisions: (1) Section 1.2(b) permitting copying of the software; (2) Section 1.2(c) permitting modification of the software; and (3) Section 14.2 permitting access to and use of the software to third parties that provide services to the City of Flint. *See* Doc. #259, p.10-12. Each provision is discussed below.

a. Section 1.2(b)

Section 1.2(b) of the City of Flint's license states in pertinent part that "[the City of Flint] may [] make a reasonable number of copies of the Software solely for: (i) use in accordance with the terms set forth herein . . .; (ii) archive or emergency back-up purposes; and/or (iii) disaster recovery testing purposes." Doc. #242, Exhibit 10, §1.2(b). Rimini contends that this provision expressly authorizes it to make "a reasonable number of copies" of the licensed software on its own systems and under its control in order to provide contracted software support services to the City of Flint. *See* Doc. #259, p.10.

The court has reviewed the documents and pleadings on file in this matter and finds that the plain, unambiguous language of Section 1.2(b) does not expressly authorize Rimini to make copies of the licensed software. First, the plain language of Section 1.2(b) provides that *only* the City of Flint may make copies of the software. *Id.* ("[the City of Flint] may [] make a reasonable number of copies . . ."). Nowhere does this provision authorize Rimini, as a third-party, to make a copy of the licensed software.

Second, Section 1.2(b) authorizes copying of the software only for three very limited bases: (1) a use

in accordance with the terms of the license; (2) archival and back-up purposes; and (3) disaster recovery testing purposes. *Id.* Upon review of Rimini's use of the development environments associated with the City of Flint, the court finds that none of the environments were created for archival, emergency back-up, and/or disaster recovery purposes. Rather, the undisputed evidence establishes that these development environments were used to develop and test software updates for the City of Flint and other Rimini customers with similar software licenses. *See* Doc. #242, Exhibit 50, Lester Depo., p.207:17-201:25; Exhibit 62, Williams Depo., p.9:22-10:6. Further, a development environment - which is a modifiable (or already modified) copy of the software used to develop and test software updates - is in complete contrast to an archival or backup copy of the software - which is inherently an unmodified copy of the software for use in the event that the production copy of the software (the copy used on a customer's systems) is corrupted or lost. Thus, the court finds that Rimini's use of the copyrighted PeopleSoft-branded software is outside the scope of Sections 1.2(b)(ii) and (iii).

Third, although Rimini argues extensively that its copying of Oracle's copyrighted software was a "use in accordance with the terms [of the license]" under Section 1.2(b)(i), the court finds that Rimini's copying of the copyrighted software on its company systems is also a use outside the scope of this provision. In its motion for summary judgment, Oracle asserts, and the court agrees, that Section 1.2(b)(i), which authorizes a reasonable number of copies for "use in accordance with the terms set forth herein" is subject to the licensing restrictions outlined in Section 1.1 of the City of Flint's license. A

"use in accordance with the terms set forth herein" necessarily means that use of the licensed software under this provision is subject to all other licensing restrictions identified in the same main section, in this case Section 1 of the City of Flint's license. *See e.g., Threlkeld v. Ranger Ins. Co.*, 202 Cal. Rptr. 529, 532 (Cal. App. 1984) (interpreting the phrase "in accordance with" a set of regulations as incorporating those regulations by reference).

Section 1.1 of the license grants the City of Flint a "license to use the licensed Software, solely for [the City of Flint's] *internal data processing operations at its facilities* in the [United States]." Doc. #242, Exhibit 10, § 1.1 (emphasis added). This license provision expressly limits use of the software (1) to the City of Flint's facilities and (2) for the City of Flint's internal data processing operations (i.e. normal use of the software). The court finds incorporating the restrictions of Section 1.1 into Section 1.2(b)(i)'s "use in accordance with" language, Section 1.2(b)(i) expressly limits copying the licensed software to *only* the City of Flint's facilities.[10] The court's interpretation of the license is appropriate as the law requires a contractual interpretation that gives effect to every provision of the license. *See Boghos v. Certain Underwriters at Lloyd's of London*, 115 P.3d 68, 72 (Cal. 2005) (holding that a court must "give effect to every part [of a contract], if reasonably practicable, each clause helping to interpret the other"). Moreover, the court's interpretation of the City of Flint's license is

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[10] Here, it is undisputed that Rimini's copies of the licensed PeopleSoft-branded software are kept on Rimini's systems at its facilities and outside the control of the City of Flint.

confirmed by Section 1.2(a) which authorizes a backup copy of the software outside the City of Flint's facilities. *See* Doc. #242, Exhibit 10, §1.2(a) ("[The City of Flint] may . . . in the event that a Server at its facility is inoperable, use the Software temporarily on a back-up server, which may be at a third-party site provided that the back-up Server is under the sole control of [the City of Flint] . . ."). Recognizing that Section 1.2(a) specifically authorizes a back-up copy of the licensed software at an off-site location, the court finds that Section 1.2(b)(i), which does not contain any similar off-site language, does not authorize Rimini's off-site copies of the licensed software.

Additionally, it is undisputed that the development environments associated with the City of Flint were not used solely for the City of Flint's internal data processing operations. Instead, the development environments were used to develop and test software updates for the City of Flint and other Rimini customers with similar software licenses. *See* Doc. #242, Exhibit 50, Lester Depo., p.207:17-201:25; Exhibit 62, Williams Depo., p.9:22-10:6. Therefore, the court finds that Rimini's copying of the copyrighted software is outside the scope of Section 1.2(b)(i). Accordingly, and consistent with the court's rulings above, the court finds that Section 1.2(b) does not expressly authorize Rimini's copying of Oracle's copyrighted PeopleSoft-branded software as a matter of law.

b. Section 1.2(c)

Rimini also asserts Section 1.2(c) of the City of Flint's license, in support of its affirmative defense. Section 1.2(c) states that "[the City of Flint] may [] modify or merge the Software with other software."

Doc. #242, Exhibit 10, §1.2(c). Rimini argues that because Section 1.2(c) allows for the City of Flint to modify the software, this provision necessarily authorizes Rimini to make a number of copies of the software to facilitate such modifications as a "use in accordance with the terms" of the license under Section 1.2(b)(i). *See* Doc. #259, p.10-11.

However, the court finds that the right to modify the software pursuant to Section 1.2(c) does not authorize Rimini to make copies of the software. First, the court notes, once again, that the right to modify the software is granted solely to the City of Flint, and not to any third-party. *Id.* ("[the City of Flint] may [] modify . . . the software . . ."). Second, the right to modify the software is a separate and distinct right from the right to reproduce the software. *See SQL Solutions v. Oracle Corp.*, Case no. C-91-1079 MHP, 1991 U.S. Dist. LEXIS 21097, *13 (N.D. Cal. 1991) (citing *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1088 n.8 (9th Cir. 1989)) (distinguishing the right to modification of copyrighted software as legally distinct from the rights to possess, use, or reproduce the software). Thus, a grant of the right to modify the software does not automatically grant a right to reproduce that software. *See e.g., Stewart v. Abend*, 495 U.S. 207, 222-24 (1990) (holding that a licensed derivative work could not be reproduced or distributed absent rights to reproduce and distribute the portions of the pre-existing work that were incorporated into the derivative work). Moreover, the word "copy" is conspicuously absent from Section 1.2(c).

Finally, as addressed above, a copy of the software under Section 1.2(b)(i) is subject to the facilities restrictions of Section 1.1. *See supra*,

§III(B)(1)(a). Thus, Rimini is still not authorized to have a copy of the licensed software on its own systems. Therefore, the court finds that the plain, unambiguous language of Section 1.2(c) does not authorize Rimini to make copies of the licensed PeopleSoft-branded software as a matter of law.

c. Section 14.2

The last provision Rimini asserts in support of its express license affirmative defense is Section 14.2 of the City of Flint's license. Section 14.2 states in pertinent part that: "[the City of Flint] may provide access to and use of the Software *only* to those third parties that: (i) provide services to [the City of Flint] concerning [the City of Flint's] use of the Software; (ii) have a need to use and access the Software; and (iii) have agreed to substantially similar non-disclosure obligations . . . as those contained herein." Doc. #242, Exhibit 10, §14.2 (emphasis added).

Rimini argues that Section 14.2 expressly authorizes third-party software support service providers, like itself, to make copies of the licensed software on its systems in order to carry out contracted support services with the City of Flint. *See* Doc. #259, p.11-12. The court disagrees.

First, the plain, unambiguous language of Section 14.2 only allows for the City of Flint to provide "access to and use of the Software." Doc. #242, Exhibit 10, §14.2. The right to access and use the licensed software is separate from a right to reproduce or copy the software, and there is no evidence before the court that Rimini, as a third party service provider, cannot perform its contracted services without having its own copy of the software on its own systems. Further, unlike other license

provisions, the word "copy" is not found anywhere in Section 14.2. Therefore, the court finds that the plain language of Section 14.2 does not authorize copying of the licensed software.

Second, even if Section 14.2 authorized copying of the licensed software, Rimini has failed to satisfy the third condition for having "access to and use of" the software under Section 14.2. Specifically, Rimini has proffered no admissible evidence that it has agreed to certain nondisclosure obligations as required by Section 14.2.[11] Thus, Rimini's copies of the software are outside the scope of this provision because Rimini has not "agreed to substantially similar nondisclosure obligations." *See* Doc. #242, Exhibit 10, §14.2(iii). Therefore, the court finds that Section 14.2 does not expressly authorize Rimini's copying of Oracle's copyrighted PeopleSoft branded software in this action.

d. Conclusion

Based on the court's rulings above, none of Rimini's asserted license provisions (Sections 1.2(b),

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[11] The court notes that, as part of its opposition to Oracle's motion for summary judgment, Rimini did submit an alleged copy of an agreement between itself and the City of Flint which allegedly contained similar non-disclosure language. See Doc. #261, Exhibit 9. However, Oracle filed a motion to strike the document as unsigned and unauthenticated (Doc. #283), which was granted by the court (Doc. #471). In that order, the court found that the evidence was not admissible because the document did not constitute an original writing under Rule 1002 of the Federal Rules of Evidence. See Doc. #471, p.5. Thus, there is currently no evidence before the court that Rimini agreed to similar non-disclosure obligations as those outlined in the City of Flint's license.

1.2(c), or 14.2) expressly authorize Rimini's copying of Oracle's copyrighted PeopleSoft-branded software as a matter of law. Therefore, the court finds that Oracle is entitled to summary judgment on Rimini's express license affirmative defense as it relates to the City of Flint, and the court shall grant Oracle's motion accordingly.

2. Pittsburgh Public Schools

Oracle has identified four development environments on Rimini's systems associated with the Pittsburgh Public Schools which contain copies of Oracle's copyrighted PeopleSoft-branded software. These development environments are identified on Rimini's systems as H831PPSM, H831PPS2, F842PPSM #1, and F842PPSM #2.

As with the City of Flint, Oracle initially argues that Rimini cannot assert the Pittsburgh Public Schools' license[12] as a defense in this action because Rimini did not use the Pittsburgh Public Schools' provided software installation media to build the identified development environments.[13] However, as

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[12] A full and complete copy of the Pittsburgh Public Schools' Software License and Service Agreement is attached as Exhibit 11 to Oracle's Appendix of Exhibits Cited in Support of Oracle's Motion for Partial Summary Judgment. Doc. #242, Exhibit 11.

[13] The undisputed evidence in this action establishes that the four development environments associated with the Pittsburgh Public Schools were part of a chain of cloning that leads back to a development environment built with the City of Des Moines, Iowa's ("City of Des Moines") software installation media. In particular, Rimini admits that the original build source for development environment H831PPSM was development environment H831CODM associated with the City of Des Moines and built from the City of Des Moines's software

addressed with the City of Flint, Rimini's failure to use the Pittsburgh Public Schools' provided software installation media does not in and of itself preclude Rimini from asserting the Pittsburgh Public Schools' license in this action. *See supra*, §III(B)(1). Rather, the issue is whether the rights granted by the license are restricted and tied solely to the specific software installation media provided by Oracle.

Here, the court finds that the Pittsburgh Public Schools' license contains language similar to the City of Flint's license. For example, Oracle granted the Pittsburgh Public Schools "a nonexclusive, nontransferable license to make and run copies of the Software." Doc. #242, Exhibit 11, §1.1. Software under the license is defined as "all or any portion of the applicable Version for the Territory of the binary computer software and related source code." *Id* at §15. As with the City of Flint, nowhere does this license require the Pittsburgh Public Schools to install the licensed software from the specific

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installation media. Doc. #242, Exhibit 25, p.3,8. Development environment H831PPS2 was built from H831PPSM, so its origins are also the City of Des Moines's software installation media. *Id.* at p.8.

Similarly, Rimini admits that the build source for development environment F842PPSM #1 was development environment F842CODM associated with the City of Des Moines and built from the City of Des Moines's software installation media. *Id.* F842PPSM #2 is a clone of F842PPSM #1 so its origins are also the City of Des Moines's installation media. *Id.* at p.8. Thus, all of the software development environments associated with the Pittsburgh Public Schools were built, at least in part, from the City of Des Moines's software installation media, and not from the Pittsburgh Public Schools' software installation media.

installation media provided by Oracle. Rather, the license grants the Pittsburgh Public Schools the right to install and use "the applicable Version" of the licensed software.[14] Therefore, as with the City of Flint, the court finds that Rimini may assert the Pittsburgh Public Schools' license as a defense to Oracle's claim of copy-right infringement.

In support of its affirmative defense, Rimini identifies three license provisions that it argues expressly authorize copying of Oracle's copyrighted PeopleSoft-branded software: (1) Section 1.1 permitting copying of the software; (2) Section 1.2 permitting modification of the software; and (3) Section 10.2 permitting access to and use of the software to third parties that provide services to the Pittsburgh Public Schools.[15] *See* Doc. #259, p.18-20. Each provision is discussed below.

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[14] It is undisputed that the development environments associated with the Pittsburgh Public Schools contain copies of the same versions of the PeopleSoft-branded software licensed by the Pittsburgh Public Schools.

[15] Along with the Pittsburgh Public Schools' license, Rimini also asserts the City of Des Moines's license as a defense to Oracle's claim of copyright infringement. A copy of the City of Des Moines's Software License and Service Agreement is attached as Exhibit 12 to Oracle's Appendix of Exhibits Cited in Support of Oracle's Motion for Partial Summary Judgment. Doc. #242, Exhibit 12.

The court notes that the City of Des Moines's license mirrors the City of Flint's license (except for the identification of the parties), and Rimini has asserted the same license provisions (Sections 1.2(b), 1.2(c), and 14.2) to support its affirmative defense. *See* Doc. #242, Exhibit 12, §§ 1.2(b), 1.2(c), 14.2. As such, the court's rulings regarding the City of Flint's license apply with equal effect to the City of Des Moines's

a. Section 1.1

In Section 1.1 of the Pittsburgh Public Schools' license, Oracle granted "[the Pittsburgh Public Schools] a nonexclusive, nontransferable license to make and run copies of the Software . . . for access by Employees and Designates on one or more servers and/or workstations located at facilities owned or leased by [the Pittsburgh Public Schools] . . ." Doc. #242, Exhibit 11, §1.1. Rimini contends that Section 1.1 expressly authorizes it to make copies of the licensed software on its systems and under its control in order to provide contracted software support services to the Pittsburgh Public Schools. *See* Doc. #259, p.18. The court disagrees.

First, the plain, unambiguous language of Section 1.1 expressly provides that *only* the Pittsburgh Public Schools may make copies of the software. *See* Doc. #242, Exhibit 11, §1.1 (granting the Pittsburgh Public Schools the right "to make or run copies of Software . . ."). Nowhere does this license provision authorize Rimini, or any other third-party, to make copies of the licensed software.

Second, Section 1.1 of the Pittsburgh Public School's license limits both the copying and use of the licensed software to "facilities owned or leased by [the Pittsburgh Public Schools]." Doc. #242, Exhibit 11, §1.1. Here, it is undisputed that Rimini made copies of the licensed software at its own facilities

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license. Therefore, the court finds that the City of Des Moines's software licensing agreement does not expressly authorize Rimini's copying of Oracle's copyrighted PeopleSoft and PeopleTools software as a matter of law. *See supra*, §III(B)(1)(a)-(d).

and outside the control of the Pittsburgh Public Schools. As such, Rimini's copying of the licensed software on its own systems is outside the scope of Section 1.1.

Finally, Section 1.1 further precludes the right of third-parties to copy the software. Specifically, Section 1.1 contains the term "Designate." *See* Doc. #242, Exhibit 11, §1.1. "Designate" is defined as "[the Pittsburgh Public Schools'] customers, suppliers, vendors, benefits providers and other such external parties providing goods or services to [the Pittsburgh Public Schools] that [the Pittsburgh Public Schools] may provide with a right to access the Software consistent with the terms of this Agreement." *See* Doc. #242, Exhibit 11, §15. However, the Pittsburgh Public Schools' license limits the rights that can be granted to Designates,[16] including limitations that "[i]n no event shall a Designate have the right to (i) *install* the Software on a server, workstation or other computer, (ii) *access the source code for the Software*; or (iii) undertake any of the actions listed in Section 2" (which includes copying the software). *Id.* (emphasis added). Thus, reading the limitations defined under "Designate" into the license, Section 1.1 provides that "[i]n no event" shall a Designate, like Rimini, have a right to install or copy the licensed software on its own systems. Therefore, the court finds that Section 1.1 does not authorize Rimini's copying of Oracle's copyrighted software as a matter of law.

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[16] Both parties agree that Rimini constitutes a "Designate" under the license.

b. Section 1.2

In support of its affirmative defense, Rimini also asserts Section 1.2 of the Pittsburgh Public Schools' license. Under Section 1.2, Oracle granted the Pittsburgh Public Schools "a nonexclusive, nontransferable license to modify the Software . . ." Doc. #242, Exhibit 11, §1.2.

Rimini argues that because Section 1.2 allows the Pittsburgh Public Schools to modify the software, this provision necessarily authorizes Rimini to make copies of the software to facilitate such modifications. *See* Doc. #259, p.18. However, as addressed at length with the City of Flint, the right to modify the software does not expressly authorize Rimini to make copies of the software on its own systems. *See supra*, §III(B)(1)(b) (citing *SQL Solutions*, 1991 U.S. Dist. LEXIS 21097; *Stewart*, 495 U.S. 207). Further, the word "copy" is absent from this provision. Therefore, consistent with the court's previous ruling, the court finds that the plain, unambiguous language of Section 1.2 does not authorize Rimini to make copies of the licensed software as a matter of law.

c. Section 10.2

The last provision Rimini asserts in support of its express license affirmative defense is Section 10.2 of the Pittsburgh Public Schools' license. Section 10.2 states in pertinent part that: "[the Pittsburgh Public Schools] may provide access to and use of the [software] *only* to those third parties that: (a) provide services to [the Pittsburgh Public Schools] concerning [the Pittsburgh Public Schools'] use of the Software . . .; (b) have a need to use and access the Software . . .; and (c) have agreed to substantially

similar non-disclosure obligations as those contained herein." Doc. #242, Exhibit 11, §10.2 (emphasis added).

Rimini argues that Section 10.2 expressly authorizes third-party software support service providers, like itself, to make copies of the licensed software in order to carry out contracted support services with the Pittsburgh Public Schools. *See* Doc. #259, p.19. The court disagrees.

First, the plain, unambiguous language of Section 10.2 allows for the Pittsburgh Public Schools to provide "access to and use of the Software." *See* Doc. #242, Exhibit 11, §10.2. As addressed above with the City of Flint, the right to access and use the licensed software is a separate right from the right to copy or reproduce the software. *See supra*, §III(B)(1)(c). Further, unlike other license provisions, the word "copy" is not found anywhere in Section 10.2. Therefore, the court finds that the Section 10.2 does not permit or authorize copying of the licensed software.

Second, Rimini has failed to satisfy the third condition for having "access to and use of" the software under Section 10.2. Specifically, Rimini has proffered no admissible evidence that it has "agreed to substantially similar non-disclosure obligations" as required by Section 10.2.[17] *See* Doc. #242, Exhibit

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[17] Similar to the City of Flint, the court notes that as part of its opposition to Oracle's motion for summary judgment, Rimini did submit an alleged copy of an agreement between itself and the Pittsburgh Public Schools. *See* Doc. #261, Exhibit 30. However, Oracle filed a motion to strike the document as unsigned and unauthenticated (Doc. #283) which was granted by the court (Doc. #471). In the court's order, the court found

11, §10.2(iii). Thus, even if Section 10.2 authorized copying of the licensed software, Rimini's copies are outside the scope of this provision. Therefore, the court finds that Section 10.2 does not expressly authorize Rimini's copying of Oracle's copyrighted software.

d. Conclusion

Based on the rulings above, the court finds that none of Rimini's asserted license provisions (Sections 1.1, 1.2, or 10.2) expressly authorize Rimini's copying of Oracle's copyrighted PeopleSoft-branded software as a matter of law. Therefore, the court finds that Oracle is entitled to summary judgment on Rimini's express license affirmative defense as it relates to the Pittsburgh Public Schools, and the court shall grant Oracle's motion accordingly.

3. Giant Cement

In its motion for summary judgment, Oracle identifies only a single development environment on Rimini's systems associated with Giant Cement, development environment JGEHE5TSA1, which contains a copy of Oracle's copyrighted J.D. Edwards-branded software.

In support of its affirmative defense, Rimini asserts Giant Cement's software licensing

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that the evidence was not admissible because the document did not constitute an original writing under Rule 1002 of the Federal Rules of Evidence. *See* Doc. #471, p.5. Thus, there is currently no evidence before the court that Rimini agreed to similar non-disclosure obligations as those outlined in the Pittsburgh Public Schools' license.

agreement[18] as a defense to Oracle's claim of copyright infringement relating to the development environment associated with Giant Cement and specifically identifies Article II, Section 7(iii) as the provision that expressly authorizes its copying of Oracle's copyrighted software. *See* Doc. #259, p. 21-22.

Article II, Section 7 of Giant Cement's license provides that "[Giant Cement] shall not, or cause anyone else to: (iii) copy the Documentation or Software except to the extent necessary for [Giant Cement's] archival needs and to support the Users." Doc. #242, Exhibit 16, Article 2 - License Restrictions, §7(iii). Rimini argues that the plain language of this provision expressly authorizes Rimini to make a copy of the licensed software on its own systems to support Giant Cement's archival needs. *See* Doc. #259, p.22.

In opposition, Oracle argues that regardless of Section 7(iii)'s express language authorizing third-party copies of the licensed software for archival purposes, Giant Cement's license does not allow Rimini to copy the software on its own systems

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[18] In contrast to the two previously addressed customers - the City of Flint and the Pittsburgh Public Schools - Rimini has established that the development environment associated with Giant Cement was built directly from Giant Cement's provided software installation media. *See* Doc. #242, Exhibit 16. As such, the parties agree that Rimini may assert Giant Cement's license as a defense in this action.

A full and complete copy of Giant Cement's Software License and Service Agreement is attached as Exhibit 16 to Oracle's Appendix of Exhibits Cited in Support of Oracle's Motion for Partial Summary Judgment. Doc. #242, Exhibit 16.

because Giant Cement's license restricts third parties to only "screen access" of the software and does not grant them permission to copy or have access to the software's source code. *See* Doc. #237, p.24-25. Article II - under the heading License Restrictions - identifies who may access the software. Under Article II, access to the software is limited to (1) Giant Cement's employees; (2) independent contractors engaged by Giant Cement who require access to the software to perform their tasks; and (3) distributors, vendors, and customers of Giant Cement. Doc. #242, Exhibit 15, Article II - License Restrictions, §1. Further, under Article II, the scope of access for non-employees is limited solely to screen access. Doc. #242, Exhibit 16, Article II - License Restrictions, §3 ("For any access to the software other than by an employee of customer, customer shall not provide access to source code and all provided access shall be restricted to screen access for the functions required."). Thus, Oracle argues that Article II does not authorize Rimini to install a copy of the J.D. Edwards-branded software on its systems, because a copy of the software necessarily includes access to the software's source code.

The court has reviewed the documents and pleadings on file in this matter and finds that there are disputed issues of material fact which preclude summary judgment on this issue. Although the court agrees that Article II does not permit Rimini to access the software's source code to carry out development and testing of software updates, the court finds that having a copy of the software on Rimini's systems for archival purposes does not violate this license restriction so long as Rimini does not access the software's source code. In its motion for summary judgment, Oracle has failed to proffer

any evidence that Rimini accessed the software's source code while providing archival support to Giant Cement. In contrast, Rimini has proffered evidence that the development environment associated with Giant Cement is used solely for archival purposes as authorized by Section 7(iii). *See* Doc. #261, Exhibit 6, Grigsby Depo., p. 13:7-15 (stating that Rimini had not used Giant Cement's development environment for any software update development or testing); p. 28:15-29:1 ("Q. Okay. Going back to my question. Were any of the [J.D. Edwards software] environments at [Rimini] ever used for any purpose, research, fix delivery, et cetera? A. Again, from my research in talking to everyone that I could in my team and people there that could represent what was done prior to me coming on board, no, those local environments were not used. All access to those customers who are still with us is done on their in-house machine."). Based on this record, the court finds that there are disputed issues of material fact as to whether Rimini's use of the development environment associated with Giant Cement was for archival purposes or whether Rimini accessed the software's source code. Accordingly, the court shall deny Oracle's motion for summary judgment on Rimini's express license affirmative defense as it relates to Giant Cement.

4. Novell

The final customer at issue in Oracle's motion for summary judgment is Novell. Oracle has identified two development environments on Rimini's systems associated with Novell which contain copies of Oracle's copyrighted Siebel-branded software. These development environments are identified on Rimini's systems as NOVELL-AP01 and NOVELL-CLI.

In support of its affirmative defense, Rimini asserts Novell's software licensing agreement[19] as a defense to Oracle's claim of copyright infringement for the development environments associated with Novell and specifically identifies two license provisions it argues expressly excuses its infringement: (1) Section 2.1(iv); and (2) Section 2.1(viii). *See* Doc. #259, p.24-25.

Under Section 2.1(iv), Oracle granted Novell the right "[t]o reproduce, exactly as provided by [Oracle], a reasonable number of copies of the [software] solely for archive or emergency backup purposes or disaster recovery and related testing . . ." Doc. #242, Exhibit 17, §2.1(iv). Under Section 2.1(viii) Oracle granted Novell the right "[t]o have third parties install, integrate, and otherwise implement the [software]." Doc. #242, Exhibit 17, §2.1(viii).

Rimini argues that reading these two provisions together, Novell's license allows a third-party to install a copy of the software on its own systems for archival or emergency back-up purposes. *See* Doc. #259, p.25.

In opposition, Oracle argues that Novell's license does not authorize Rimini to have an installed copy

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[19] Rimini has established that both development environments associated with Novell were built from Novell's provided software installation media. *See* Doc. #242, Exhibit 27, p.3. As with Giant Cement, the parties do not dispute that Rimini may assert Novell's license as a defense in this action.

A full and complete copy of Novell's Software License and Service Agreement is attached as Exhibit 17 to Oracle's Appendix of Exhibits Cited in Support of Oracle's Motion for Partial Summary Judgment. Doc. #242, Exhibit 17.

of the licensed software on its systems for any purpose. *See* Doc. #237, p.25-26. In particular, Oracle argues that Section 2.1(i) of Novell's license grants Novell the right "to use the programs on the designated systems or on a backup system if the designated system is inoperative." Doc. #242, Exhibit 17, §2.1(i). "Designated Systems" is defined as a "customer's user and server system(s) designated in the order form(s)." Doc. #242, Exhibit 17, §1.5. The user system in turn, is defined as "the computer hardware and operating systems operated by users in the course of their employment with [Novell], including notebook and portable computers." Doc. #242, Exhibit 17, §1.21. Finally, the server system is defined as "the server hardware and operating system(s) of [Novell] designated on the Order form(s)." Doc. #242, Exhibit 17, §1.15. Reading all of these definitions together, Oracle argues that Section 2.1(i) limits the use of the program to only Novell's systems. Therefore, Oracle argues that Novell's license does not authorize Rimini to have any copies of the licensed software on its own systems. The court disagrees.

First, the court finds that the plain language of Section 2.1(iv) authorizes Novell to make archival, emergency backup, or disaster-recovery testing copies. Further, the court finds that the plain language of Section 2.1(viii) permits Novell to allow Rimini, or another third-party, to install the software for archival, emergency back-up, or disaster recovery purposes. When read in conjunction, Sections 2.1(iv) and (viii) authorize Novell to allow Rimini to make a reasonable number of copies of the licensed Siebel software on Rimini's system for archival and back-up

purposes.[20] Second, Oracle's argument concerning Section 2.1(i), refers only to Novell's use of the licensed software and not to any other rights granted under the license. Therefore the court finds that Novell's license allows for archival and/or back-up copies of the software on a third-party system. Accordingly, the court shall deny Oracle's motion for summary judgment on Rimini's express license affirmative defense as it relates to Novell.

C. Implied License and Consent (Third and Sixth Affirmative Defenses)

In the present motion, Oracle also moves for summary judgment on Rimini's third affirmative defense for consent of use and sixth affirmative defense for implied license. *See* Doc. #237. Iimplied license and consent of use are legally duplicative affirmative defenses and shall be addressed together. *See e.g., Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters.*, 533 F.3d 1287, 1308-09 (11th Cir. 2008) (equating a consent defense to that of implied license and applying the same standard); *I.A.E., Inc. v. Shaver*, 74 F.3d 768, 775-76 (7th Cir. 1996) (holding that consent is equivalent to nonexclusive license defense).

"An implied license can be found where the copyright holder engages in conduct 'from which [the] other [party] may properly infer that the owner

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[20] Rimini has proffered evidence that the development environments associated with Novell are used exclusively for archival and back-up purposes, and related testing, as directly contemplated by Section 2.1(iv). *See* Doc. #261, Exhibit 11, Slepko Depo. 2010, p.62:5-15 (noting that Siebel environments are not used for development).

consents to his use." *Field v. Google, Inc.*, 412 F. Supp. 2d 1106, 1116 (D. Nev. 2006). "Consent to use the copyrighted work need not be manifested verbally and may be inferred based on silence where the copyright holder knows of the use and encourages it." *Id.*

In its affirmative defense, Rimini argues that for years Oracle shipped back-up copies of its customer's software installation media to Rimini's facilities with full knowledge that the installation media were not only being shipped to Rimini's facilities, but that Rimini was using the installation media to create copies of the software on its own systems to provide support services to Oracle's customers. *See* Doc. #259, p.26-29.

The court has reviewed the documents and pleadings on file in this matter and finds that the evidence before the court does not support Rimini's affirmative defenses of implied license and consent of use. The undisputed evidence in this action establishes that between 2007 and 2009, Oracle shipped at least 90 back-up copies of licensed software installation media to Rimini's facilities for different Oracle customers. Doc. #261, Exhibit 15, p.8-9 (recognizing that Oracle shipped software installation media to Rimini for approximately 90 customers from 2007 to 2009). Further, at the time it shipped the installation media, Oracle had been tracking Rimini's business activities. *See* Doc. #261, Exhibit 20 (E-mail to Oracle executives regarding Rimini dated May 1, 2006); Exhibit 21 (E-mail to Oracle executive concerning Rimini dated April 24, 2006); Exhibit 23 (E-mails reflecting Oracle's Vice President of Competitive Intelligence's tracking of Rimini dated March 2007).

Based on this limited evidence, Rimini argues that Oracle not only knew that Rimini was providing software support services to Oracle customers, but, by extension, also knew that Rimini was using the back-up copies of the software installation media to create copies of the software on Rimini's systems to service those customers. As such, Rimini argues that Oracle necessarily consented to Rimini's use of the software as it continued to ship Rimini back-up copies of the licensed software, and thus, there can be no copyright infringement. However, Rimini's assumption of Oracle's knowledge that the back-up copies of the installation media were being used to make copies of the licensed software on Rimini's systems is not supported by the evidence.

First, other evidence before the court establishes that these back-up copies, although ultimately shipped to Rimini, were shipped after Oracle's customers submitted requests to Oracle describing Rimini's address as the customers' "secondary offsite backup location."[21] *See* Doc. #242, Exhibit 33, Rimini's Second Amended Responses to Oracle's Third Set of Requests for Admission, Request #26 ("[A]dmit that more than 50% of the requests asked Oracle to ship the software to an 'offsite backup location.'" "Admitted"); Request #28 ("Admit that, at least 25 times, You instructed a [Rimini] customer or prospective [Rimini] customer to state that software was to be shipped to an "offsite backup location"

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[21] An offsite backup location is one where the software installation media can be held in safety, so that the installation media could be easily retrieved and provided to the customer in the event that the customer's copy of the installation media was lost or destroyed.

when that customer or prospective customer requested that Oracle ship software to a [Rimini] address." "Admitted.").

Second, Rimini admits that the purpose behind the obfuscated shipping requests was to allow Rimini to create development environments to service Rimini's customers without Oracle's knowledge. *See* Doc. #242, Exhibit 31, Corpuz Depo., p.160 ("Q. It's true, isn't it, that the reason for the request was for [Rimini] to build an environment on [Rimini's] premises for tax development work? A. I believe so, yes."). Thus, the evidence does not support Rimini's argument that Oracle knew that it was shipping back-up copies of the software installation media to Rimini's facilities.

Additionally, there is no evidence that Oracle knew of Rimini's use of the shipped installation media to create copies of the software on Rimini's systems. Rimini admits that the shipping requests were designed so that Oracle would not know that Rimini was using these backup copies of the licensed software. *See* Doc. #242, Exhibit 33, Rimini's Second Amended Responses to Oracle's Third Set of Requests for Admission, Request #30 ("Rimini responds that, having investigated, it is not aware of any requests to Oracle for shipment of Oracle Enterprise Software to a [Rimini] address which expressly stated that the software shipped to a [Rimini] address would be used by [Rimini] to install software on [Rimini's] computers."). Further, there is no evidence that Oracle consented to or encouraged Rimini to use the shipped installation media to make copies of the software on Rimini's systems. In fact, Rimini fails to present any evidence that Oracle knew that Rimini was copying the software onto

Rimini's systems during the relevant time period. Based on the evidence before the court, the court finds that no reasonable jury could conclude from Oracle's shipments of the installation media to a location described as a "secondary offsite backup location" that Oracle then authorized Rimini to copy that software onto Rimini's systems. Therefore, the court finds that the evidence in this action does not support Rimini's claims for an implied license or consent of use. *See Field*, 412 F. Supp. 2d at 1116 (stating that the copyright holder must both know of the infringing use and encourage that use for the court to find an implied license). Accordingly, the court shall grant Oracle's motion for summary judgment as to these affirmative defenses.

D. Conclusion

In conclusion, the court finds, consistent with the rulings above, that Oracle has established a prima facie case of copyright infringement as it relates to the four customers at issue in this action: the City of Flint, the Pittsburgh Public Schools, Giant Cement, and Novell. *See supra*, §III(A). Further, the court finds that, Oracle is entitled to summary judgment on Rimini's second affirmative defense of express license as it relates to the City of Flint and the Pittsburgh Public Schools. *See supra*, §§III(B)(1) and (2). However, Oracle is not entitled to summary judgment on Rimini's second affirmative defense of express license as it relates to Giant Cement and Novell. *See supra*, §§III(B)(3) and (4). Finally, the court finds that Oracle is entitled to summary judgment on Rimini's third affirmative defense for consent of use and sixth affirmative defense for implied license. *See supra*, §III(C). Accordingly, the court shall grant in-part and deny in-part Oracle's

present motion for partial summary judgment in accordance with these findings.

IV. Oracle's Motion for a Case Management Conference (Doc. #473)

Also before the court is Oracle's motion for a case management conference to discuss setting a trial schedule, Doc. #473, filed on January 10, 2014. The court has reviewed the motion and finds that a case management conference to set a trial schedule would not be productive as there is still a second motion for summary judgment pending before the court. *See* Doc. #405. This is a complex case with briefing upon summary judgment motions of approximately 200 pages, with over 2,700 pages of exhibits, before a heavily burdened court in which three of the total of seven active judgeships in this district have been vacant and unfilled during much of the pendency of these motions for summary judgment. Following decision upon the remaining motion for summary judgment, the parties will be required to submit a proposed joint pre-trial order in accordance with Local Rules 16-3 and 16-4. The proposed order will require that the parties submit a list of three agreed upon trial dates. If they are unable to agree upon proposed trial dates, or desire a case management conference to set a trial or motion schedule following the submission and acceptance of the proposed joint pre-trial order, the court will schedule such a conference at that time.

IT IS THEREFORE ORDERED that plaintiffs' motion for partial summary judgment (Doc. #237) is GRANTED in-part and DENIED in-part in accordance with this order.

IT IS FURTHER ORDERED that the clerk of court shall enter judgment in favor of plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation, and against defendant Rimini Street, Inc. on plaintiffs' first cause of action for copyright infringement as it relates to the identified development environments associated with the City of Flint and the Pittsburgh Public Schools.

IT IS FURTHER ORDERED that the clerk of court shall enter judgment in favor of plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation, and against defendant Rimini Street, Inc. on defendant's second affirmative defense for express license as it relates to plaintiffs' claim for copyright infringement relating to the City of Flint and the Pittsburgh Public Schools.

IT IS FURTHER ORDERED that the clerk of court shall enter judgment in favor of plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation, and against defendant Rimini Street, Inc. on defendant's third affirmative defense for consent of use and sixth affirmative defense for implied license.

IT IS FURTHER ORDERED that plaintiffs' unopposed motion for a case management conference (Doc. #473) is DENIED.

IT IS SO ORDERED.

DATED this 13th day of February, 2014.

s/ Larry R. Hicks
LARRY R. HICKS
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

* * *

ORACLE USA, INC.; *et al.*, Plaintiffs, v. RIMINI STREET, INC., a Nevada corporation; SETH RAVIN, an individual, Defendants.	2:10-CV-00106-LRH-PAL ORDER

Before the court is plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation's (collectively "Oracle") second motion for partial summary judgment addressing their first cause of action for copyright infringement; defendant Rimini Street, Inc.'s ("Rimini") second, eighth, and ninth affirmative defenses; and Rimini's first and third counterclaims. Doc. #405.[1] Defendant Rimini filed an opposition to the motion (Doc. #436), to 1 which Oracle replied (Doc. #450).

I. Facts and Procedural History

Oracle develops, manufacturers, and licenses computer software, including Enterprise Software platforms.[2] Oracle is the current owner and/or

[1] Refers to the court's docket entry number.

[2] Enterprise Software is a type of computer software program that enables core operational tasks – like payroll,

exclusive licensee for various PeopleSoft, J.D. Edwards, and Siebel-branded Enterprise Software products. Oracle's Enterprise Software platforms have both an installed database component and an installed application component. The database component provides a foundation for the application software which then uses, stores, and retrieves data in the database for use across an entire organization. Oracle's Enterprise Software application programs - including its PeopleSoft, J.D. Edwards, and Siebel-branded products - are run on Oracle's Relational Database Management Software ("Oracle Database") as the database component for the programs.

Rather than sell Oracle Database outright, Oracle licenses the use of the database software to customers through software licensing agreements - known as Oracle License and Service Agreements ("OLSAs") - and to other software developers through a Developer License. Oracle also provides support services to its customers through separate software support service contracts.

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human resource tasking, and inventory management - across an entire organization. Instead of being tied to a specific computer, Enterprise Software is hosted on a server and provides simultaneous access and service to a large number of users over a computer network. These features and functions are in contrast to typical computer software, which is generally a single-user application executed on a user's personal computer.

A key feature of Enterprise Software is the ability to modify and customize the software for an entity's specific needs and to support the software through periodic software and regulatory updates to maintain the software's continuing functionality.

Defendant Rimini is a company that provides similar software support services to customers licensing Oracle's Enterprise Software programs and competes directly with Oracle to provide these services.

On January 25, 2010, Oracle filed a complaint alleging that Rimini copied several of Oracle's copyright-protected software programs onto its own computer systems in order to provide software support services to its customers. In its complaint, Oracle alleged thirteen causes of action against Rimini: (1) copyright infringement; (2) violation of the Federal Computer Fraud and Abuse Act ("CFAA"), 18 U.S.C. §§ 1030(a)(2)(C), (a)(4), & (a)(5); (3) violation of the California Computer Data Access and Fraud Act ("CDAFA"), Cal. Penal Code § 502; (4) violation of Nevada Revised Statutes ("NRS") § 205.4765; (5) breach of contract; (6) inducement of breach of contract; (7) intentional interference with prospective economic advantage; (8) negligent interference with prospective economic advantage; (9) unfair competition; (10) trespass to chattels; (11) unjust enrichment; (12) unfair practices; and (13) accounting. Doc. #1.

On March 29, 2010, Rimini filed an answer contesting Oracle's claims and alleging three counterclaims: (1) defamation, business disparagement, and trade libel; (2) copyright misuse; and (3) unfair competition in violation of California Business and Professional Code, Cal. BPC. § 17200. Doc. #30. Rimini also raised eleven affirmative defenses to Oracle's claims: (1) invalid copyrights; (2) express license; (3) consent of use; (4) copyright misuse; (5) improper registration; (6) implied license; (7) merger; (8) statute of limitations; (9) laches; (10)

fair use; and (11) limitations on exclusive rights of computer programs under 17 U.S.C. § 117. *Id.*

In April 2010, Oracle filed an amended complaint (Doc. #36) to which Rimini filed an amended answer (Doc. #46) and a motion to dismiss (Doc. #48). On August 13, 2010, the court granted in-part and denied in-part Rimini's motion, dismissing Oracle's eighth cause of action for negligent interference with prospective economic advantage. Doc. #78.

In response to Rimini's amended answer, Oracle filed a motion to dismiss Rimini's counterclaims and affirmative defenses. Doc. #67. On October 29, 2010, the court granted in-part and denied in-part Oracle's motion, dismissing several defamation allegations from Rimini's first counterclaim for defamation, and dismissing the entirety of Rimini's second counterclaim and fourth affirmative defense for copyright misuse. Doc. #111.

In June 2011, Oracle filed a second amended complaint. Doc. #146. In response, Rimini filed its second amended answer raising six additional affirmative defenses: (12) contract defense; (13) privilege; (14) economic interest; (15) consent; (16) preemption; (17) lack of contract; and (18) mitigation of damages. Doc. #153. After the filing of Rimini's second amended answer Oracle filed its initial motion for partial summary judgment addressing its first cause of action for copyright infringement as it related to Oracle's PeopleSoft, J.D. Edwards, and Siebel-branded Enterprise Software programs; and on Rimini's second, third, and sixth affirmative defenses. Doc. #237. On February 13, 2014, the court granted in-part and denied in-part Oracle's initial motion for partial summary judgment. *See* Doc. #474.

Subsequently, Oracle filed the present second motion for partial summary judgment addressing its first cause of action for copyright infringement; Rimini's second, eighth, and ninth affirmative defenses; and Rimini's first and third counterclaims. Doc. #405.

II. Legal Standard

Summary judgment is appropriate only when the pleadings, depositions, answers to interrogatories, affidavits or declarations, stipulations, admissions, and other materials in the record show that "there is no genuine issue as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). In assessing a motion for summary judgment, the evidence, together with all inferences that can reasonably be drawn therefrom, must be read in the light most favorable to the party opposing the motion. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986); *Cnty. of Tuolumne v. Sonora Cmty. Hosp.*, 236 F.3d 1148, 1154 (9th Cir. 2001).

The moving party bears the initial burden of informing the court of the basis for its motion, along with evidence showing the absence of any genuine issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). On those issues for which it bears the burden of proof, the moving party must make a showing that is "sufficient for the court to hold that no reasonable trier of fact could find other than for the moving party." *Calderone v. United States*, 799 F.2d 254, 259 (6th Cir. 1986); *see also Idema v. Dreamworks, Inc.*, 162 F. Supp. 2d 1129, 1141 (C.D. Cal. 2001).

To successfully rebut a motion for summary judgment, the non-moving party must point to facts supported by the record which demonstrate a genuine issue of material fact. *Reese v. Jefferson Sch. Dist. No. 14J*, 208 F.3d 736, 738 (9th Cir. 2000). A "material fact" is a fact "that might affect the outcome of the suit under the governing law." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). Where reasonable minds could differ on the material facts at issue, summary judgment is not appropriate. *See v. Durang*, 711 F.2d 141, 143 (9th Cir. 1983). A dispute regarding a material fact is considered genuine "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Liberty Lobby*, 477 U.S. at 248. The mere existence of a scintilla of evidence in support of the party's position is insufficient to establish a genuine dispute; there must be evidence on which a jury could reasonably find for the party. *See id.* at 252.

III. Discussion

This motion concerns Oracle's first cause of action for copyright infringement as it relates to defendant Rimini's alleged copying of Oracle Database. *See* Doc. #405. This motion also concerns Rimini's second affirmative defense for express license as it relates to Oracle Database; eighth affirmative defense for statute of limitations; ninth affirmative defense for laches; first counterclaim for defamation, business disparagement and trade libel; and third counterclaim for unfair competition in violation of California Business and Professional Code, Cal. BPC § 17200. *Id.* The court shall address each issue separately below.

A. Copyright Infringement (First Cause of Action)

To establish a *prima facie* case of copyright infringement, Oracle must show (1) ownership of the relevant copyrights, and (2) copying of protected expression by Rimini. *Range Road Music, Inc. v. East Coast Foods, Inc.*, 668 F.3d 1148, 1153 (9th Cir. 2012); *Funky Films, Inc. v. Time Warner Entm't Co.*, 462 F.3d 1072, 1076 (9th Cir. 2006).

Oracle's claim for copyright infringement, as it relates to the present motion, arises from Rimini's copying and use of six copyrighted versions of Oracle Database. It is undisputed that Oracle owns all six copyrights at issue. *See* Doc. #400, Amended Stipulation Re: Copyright Registration and Copies, ¶8 ("For the purposes of this action, [Rimini] will not dispute that [Oracle] is the owner or exclusive licensee of the 100 registered works listed in Exhibit A); Exhibit A (listing TX 5-222-106 (Oracle 8i Enterprise: Edition Release 2 (8.1.6)), TX 5-673-282 (Oracle 9i Database Enterprise Edition, Release 2), TX 6-938-648 (Oracle Database 10g: Release 1), TX 6-942-003 (Oracle Database 10g: Release 2), TX 7-324-157 (Oracle Database 11g: Release 1), and TX 7-324-158 (Oracle Database 11g: Release 2)). Further, it is undisputed that Rimini copied Oracle's copyright protected software when it built development, or non-production, environments for a number of Rimini customers using Oracle Database.[3]

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[3] As several Rimini clients use Oracle Database as part of their licensed Enterprise Software platforms, Rimini creates instances of Oracle Database on its own servers (known as environments) to support these clients. Generally speaking, Rimini uses Oracle Database to support its clients in two

See e.g., Doc. #411, Exhibit 25, Attachment B to Rimini's First Supp. Response to Interrogatory 18 (identifying twenty-five (25) separate copies of Oracle Database on Rimini's servers). Based on these undisputed facts, the court finds that Oracle has established a *prima facie* case of copyright infringement. *See e.g., Triad Sys. Corp. v. Se. Express Co.*, 64 F.3d 1330, 1335 (9th Cir. 1995) (*prima facie* case of copyright infringement found where defendant was "copying [plaintiff's] entire [computer] programs" in order to provide software and maintenance support); *MAI Sys. Corp. v. Peak Computer Corp.*, 991 F.2d 511, 517-19 (9th Cir. 1993) (affirming summary judgment on the claim of copyright infringement where defendant copied plaintiff's software onto its systems to provide competing software maintenance services).

However, Oracle's claim of copyright infringement is subject to Rimini's challenged affirmative defense of express license. Therefore, the court must address this affirmative defense before

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different ways. First, Rimini uses Oracle Database for development of updates to all clients running a particular version of the database software. Second, Rimini uses Oracle Database to address technical and support issues unique to a particular client by creating a non-production environment of the entire software program that mirrors the client's production environment (the copy of the licensed software used by the client on its own system). These non-production environments, which include both the application component (like Oracle's PeopleSoft, J.D. Edwards, and Siebel-branded programs) and database component (Oracle Database), are then used to replicate support issues and test potential fixes specific to that client without impacting the client's production environment.

determining whether Oracle is entitled to summary judgment on this claim.

B. Express License (Second Affirmative Defense)

Express license is an affirmative defense. *Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d 1110, 1114 (9th Cir. 2000). As the party alleging the affirmative defense, Rimini has the initial burden to identify any license provision(s) that it believes excuses its infringement. *Michaels v. Internet Entm't Group, Inc.*, 5 F. Supp. 2d 823, 831 (C.D. Cal. 1998). If Rimini identifies any relevant license provision, Oracle may overcome the defense of express license by showing that Rimini's conduct exceeded the scope of that provision. *LGS Architects, Inc. v. Concordia Homes*, 434 F.3d 1150, 1156 (9th Cir. 2006).

Construing the scope of a license is principally a matter of contract interpretation. *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1088 (9th Cir. 1989). The starting point for the interpretation of any contract is the plain language of the contract. *Klamatch Water Users Protective Ass'n v. Patterson*, 20 F.3d 1206, 1210 (9th Cir. 1999) ("Whenever possible, the plain language of the contract should be considered first."). When a contract contains clear and unequivocal provisions, those provisions shall be construed according to their usual and ordinary meaning. *Id.* Then, using the plain language of the contract, the court shall effectuate the intent of the parties. *Id.* at 1210 ("Contract terms are to be given their ordinary meaning, and when the terms of a contract are clear, the intent of the parties must be ascertained from the contract itself."). However, if a contract term is ambiguous, the court may look

beyond the plain language of the contract to determine the intent of the parties. *See e.g., Foad Consulting Grp., Inc. v. Azzalino*, 270 F.3d 821, 828 (9th Cir. 2001) ("If a party's extrinsic evidence creates the possibility of an ambiguity, a court may not rely on the text of the contract alone to determine the intent of the parties."). A contract term is ambiguous if it is "reasonably susceptible to more than one interpretation." *Shelton v. Shelton*, 78 P.3d 507, 510 (Nev. 2003).

In its express license affirmative defense, Rimini asserts that its copying of Oracle Database was expressly authorized by both the Developer License and its own clients' OLSAs. As each license is different in scope and application, the court shall address each license separately.

1. Developer License

As part of its business model, Oracle makes copies of Oracle Database available for download from the Oracle Technology Network website ("OTN"). These copies of Oracle Database are provided free of charge to software developers to facilitate the development of new software applications that will run on Oracle Database as the database component. The obvious and undisputed purpose of offering Oracle Database free of charge to software developers is to encourage those developers to create new software applications that run on Oracle Database so that when those new applications are commercialized, they will drive additional licensing of Oracle Database.

In order to download a free "developer" copy of Oracle Database through OTN, a developer must

agree to the terms of the Developer License.[4] The Developer License provides in relevant part that:

> [Oracle] grant[s] you a nonexclusive, nontransferable limited license to use [Oracle Database] only for the purpose of developing, testing, prototyping and demonstrating your application, and not for any other purposes. If you use the application you develop under this license for any internal data processing or for any commercial or production purposes, or you want to use [Oracle Database] for any purpose other than as permitted under this agreement, you must obtain a production release version of [Oracle Database] . . . to obtain the appropriate license.
>
> . . .
>
> [Oracle Database] may be installed on one computer only, and used by one person in the operating environment identified by us. You may make one copy of the programs for backup purposes.
>
> . . .
>
> You may not: [] use [Oracle Database] for your own internal data processing or

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[4] A full and complete copy of the January 24, 2006 Developer License (the parties' agreed upon operative license) is attached as Exhibit 4 to Oracle's Appendix of Exhibits provided in support of Oracle's second motion for partial summary judgment. Doc. #411, Exhibit 4.

> for any commercial or production purposes, or use [Oracle Database] for any purpose except the development of a single prototype of your application; [] use the application you develop with [Oracle Database] for any internal data processing or commercial or production purposes without securing an appropriate license from us; [or] continue to develop your application after you have used it for any internal data processing, commercial or production purpose without securing an appropriate license from us . . . .

Doc. #411, Exhibit 4, p.1.

In its affirmative defense, Rimini argues that the Developer License expressly authorizes it to copy and use Oracle Database to develop and test software updates and bug fixes on its own systems in order to provide contracted software support services to its clients. *See* Doc. #436, p.9-12. Rimini further contends that the Developer License expressly authorizes Rimini's commercialization of all the updates and fixes it develops using those copies of Oracle Database. *Id.*

The court has reviewed the documents and pleadings on file in this matter and finds that the plain, unambiguous language of the Developer License does not expressly authorize Rimini to make unlimited copies of Oracle Database on its own systems or use those copies of Oracle Database to create commercial support services for its clients - including software updates and bug fixes. First, the plain language of the Developer License provides that only a single copy of Oracle Database may be

downloaded and used by a developer to develop its application. *See* Doc. #411, Exhibit 4 ("[Oracle Database] may be installed on *one computer only*, and used by one person in the operating environment identified by us.") (emphasis added). Here, it is undisputed that Rimini downloaded twenty-five (25) distinct instances of Oracle Database and that its servers contain over two hundred (200) copies of Oracle Database in various clients' non-production environments, well above the single copy authorized by the Developer License. *See* Doc. #411, Exhibit 25.

Second, the Developer License authorizes only the development, testing, prototyping, and demonstration of the developer's own software application. Doc. #411, Exhibit 4 ("[Oracle] grant[s] you a nonexclusive, nontransferable limited license to use [Oracle Database] only for the purpose of developing, testing, prototyping and demonstrating your application, and not for any other purposes."). The record in this action establishes that Rimini did not create or develop a separate software application within the meaning of the Developer License. Rather, it is undisputed that Rimini used the copies of Oracle Database on its servers solely to create updates and software fixes for other software applications like Oracle's PeopleSoft, J.D. Edwards, and Siebel-branded Enterprise Software programs.

The ordinary definition of "application" in the computer software context is a complete, self-contained computer program that performs a specific function or operation for an end user.[5] *See e.g.*,

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[5] Examples of applications include company accounting and human resource programs like Oracle's PeopleSoft, J.D. Edwards, and Siebel-branded programs; spreadsheet programs

Business Dictionary, http://www.businessdictionary.com/definition/application-software.html (last visited July 16, 2014) (defining "application software" as a "[c]omplete, self-contained computer program (usually a commercially produced, shrink-wrapped software) that performs a specific useful task, other than system maintenance functions (which are performed by utility programs)."); Techterms, http://www.techterms.com/definition/application (last visited July 16, 2014) ("An application, or application program, is a software program that runs on your computer. Web browsers, e-mail programs, word processors, games, and utilities are all applications. The word "application" is used because each program has a specific application for the user."); Technopedia, http://www.techopedia.com/definition/4224/application-software (last visited July 16, 2014) (defining "application software" as "a program or group of programs designed for end users. The programs are divided into two classes: system software and application software. While system software consists of low-level programs that interact with computers at a basic level, application software resides above system software and includes database programs, word processors, spreadsheets, etc. . . . Application software may simply be referred to as an application.").

In contrast, an "update" (or patch, bug fix, etc.) is a developer-created modification to an already

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like Microsoft Excel; word processing programs like Microsoft Word; and illustration programs like Adobe Photoshop.

existing application designed to address and fix technical problems or make functional changes to the application. *See e.g.*, Microsoft Support, http://support.microsoft.com/kb/824684 (last visited July 16, 2014) (defining "update" as "[a] widely released fix for a specific problem"); *What is the Difference Between a Software Upgrade and a Software Update?*, About.com, http://financialsoft.about.com/od/softwaretitle1/f/upgradevupdate.htm (last visited July 16, 2014) ("A software update provides bug fixes for features that aren't working quite right and minor software enhancements, and sometimes include new drivers to support printers or DVD drivers. A software update is sometimes called a patch because it is installed over software you're already using and isn't a full software package installation.").

The evidence in this action supports the court's construction of "application" and "update." For example, Oracle's technical expert, Dr. Randall Davis ("Dr. Davis"), recognized the inherent difference between an update and an application. In his expert report, Dr. Davis stated that "updates are crucial to the correct operation of applications like PeopleSoft." Doc. #436, Exhibit 11, Expert Report of Dr. Randall Davis, p.13. He further noted that many applications - like Oracle's Enterprise Software platforms - "automate processes relevant to the various tax and regulatory regimes [and] must be updated continually as a consequence of these changes." *Id.* This expert opinion testimony supports the court's conclusion that Rimini's developed updates are separate from and distinct to an application. Therefore, Rimini's use of Oracle Database to create updates and fixes for Oracle's Enterprise Software programs, rather than for the

development of its own applications, is outside the scope of the Developer License.

Finally, the court finds that the Developer License also precludes Rimini's use of Oracle Database for commercial purposes. In particular, the Developer License expressly states that: "You may not: [] use [Oracle Database] . . . for any commercial or production purposes . . . without securing an appropriate license from us; [or] continue to develop your application after your have used it for any . . . commercial or production purpose without securing an appropriate license from us." Doc. #411, Exhibit 4, p.1. The scope of this license provision authorizes the use of Oracle Database *only* for the initial stages of developing an application. *Id.* (stating that a licensee may use Oracle Database only "for the purpose of developing, testing, prototyping, and demonstrating your application, and not for any other purpose."). In fact, the plain language of this provision specifically precludes the use of Oracle Database for any commercial purpose absent securing an appropriate license from Oracle.[6] Here, it is undisputed that Rimini used Oracle Database for commercial purposes when it provided its developed updates and bug fixes to its software support services clients for a fee. *See e.g.*, Doc. #412, Exhibit 38, Chris Limburg March 9, 2010 e-mail ("Also, something to be aware of that we are using development oracle software that I don't think is licensed. Just don't want that to fall back on us if we get audited. Cause you can download oracle software from there [sic] site but not

[6] It is undisputed that Rimini did not acquire its own appropriate license for commercial use of Oracle Database.

make money and were [sic] making a crap load of money from there [sic] free stuff :) "). Therefore, the court finds that Rimini's commercialized use of the updates it creates with Oracle Database is not authorized by the Developer License. Accordingly, the court finds that Rimini's express license defense relating to the Developer License fails as a matter of law.

2. Oracle License and Service Agreement

Oracle also licenses Oracle Database to its Enterprise Software customers through OLSAs. The OLSAs permit Oracle's licensed customers to use Oracle Database subject to certain licensing restrictions.[7] In its affirmative defense, Rimini argues that its clients' OLSAs expressly authorize its copying and use of Oracle Database on its own systems and for its development of updates in order to provide contracted software support services to those clients. In support of its affirmative defense, Rimini identifies two license provisions: (1) Section C permitting use of Oracle Database to agents and contractors that provide services to the licensee; and (2) Section D permitting copying of the software. *See* Doc. #436, p.12-16.

Initially, Oracle argues that Rimini may not assert its clients' OLSAs in its express license affirmative defense because Rimini did not obtain copies of Oracle Database from its clients. Rather, Rimini obtained its copies of Oracle Database from

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[7] A full and complete copy of Oracle's standard OLSA is attached as Exhibit 2 to Oracle's Appendix of Exhibits provided in support of Oracle's second motion for partial summary judgment. Doc. #411, Exhibit 2.

the OTN and, as such, its use of Oracle Database is restricted solely to the provisions of the Developer License. The court agrees.

As part of its affirmative defense, Rimini has the burden of identifying a relevant software license excusing its infringement of Oracle's copyrighted Oracle Database software. *See e.g., Michaels*, 5 F. Supp. 2d at 831 (holding that to establish the affirmative defense of express license, a defendant must identify a license that authorized it to copy the protected work). The court finds that Rimini cannot meet this burden and, thereby, cannot invoke the OLSAs in this action because Rimini did not obtain its copies of Oracle Database from clients who had an OLSA for Oracle Database. It is undisputed that Rimini obtained its copies of Oracle Database only by downloading these copies from the OTN. Doc. #411, Exhibit 7, Lester Depo., p.79:16-80:8 ("Q. Where did Rimini obtain the database software that ended up in the "For Development Use Only" folder? A. I believe it was obtained from OTN. Q. Are you speaking of the Oracle technology network? A. That's correct."); p.84:1-85:1 ("Q. When Rimini downloaded Oracle database software from OTN, did Rimini use customer credentials to perform the download? A. I don't believe that they did. [] Q. And you don't need the install media for Oracle database because you already have obtained the database software library from OTN; is that correct? A. Correct.").

In order to download Oracle Database from OTN, a developer is required to agree to the terms and conditions of the Developer License. The Developer License states that "you are bound by the Oracle Technology Network (OTN) License agreement terms" and that "[w]e are willing to license the

programs to you only upon the condition that you accept all of the terms contained in *this* agreement." Doc. #411, Exhibit 4, p.1 (emphasis added). Further, the Developer License provides that "[i]f you are not willing to be bound by these terms, select the 'Decline License Agreement' button and the registration process will not continue." *Id.* Finally, the Developer License states that "this agreement is the complete agreement for the programs and licenses, and this agreement supersedes all prior or contemporaneous agreements or reproductions." *Id.*, p.2. Thus, by downloading all copies of Oracle Database from OTN, Rimini expressly agreed that its use of Oracle Database would be governed only by the Developer License and not by any other agreement. Therefore, because Rimini received its copies of Oracle Database only by downloading them from OTN, the court finds that Rimini may not assert its clients' OLSAs as part of its express license defense.

However, even if Rimini was allowed to assert its clients' OLSAs in this action, the court finds that, as addressed below, the OLSAs do not expressly authorize Rimini's accused conduct.

a. Section C

Section C of the OLSAs states in pertinent part that the licensee has "the limited right to use [Oracle Database] and receive any service [the licensee] ordered solely for [the licensee's] internal business operations. [The licensee] may allow [its] agents and contractors to use [Oracle Database] for this purpose . . . ." Doc. #411, Exhibit 2, Section C. Rimini contends that this provision expressly authorizes it to use Oracle Database on its own systems and under

its control in order to provide contracted software support services to its clients. *See* Doc. #436, p.13-14.

The court has reviewed the documents and pleadings on file in this matter and finds that the plain, unambiguous language of Section C does not expressly authorize Rimini to make copies of the licensed software. First, Section C authorizes "use" of the software. The right to use the licensed software is separate from a right to reproduce or copy the software, and there is no evidence before the court that Rimini, as a third-party service provider, cannot perform its contracted services without having its own copy of the software on its own systems. Further, unlike other license provisions, the word "copy" is not found anywhere in Section C. *See, e.g.*, Doc. #411, Exhibit 2, Section D (stating that licensee may make copies of the software). Therefore, the court finds that the plain language of Section C does not authorize Rimini's copying of the database software.

Second, Section C authorizes use of the software only for the licensee's "internal business operations." Doc. #411, Exhibit 2, Section C. Upon review of Rimini's use of Oracle Database, the court finds that none of the non-production environments were used for the licensee's internal business operations. Rather, the undisputed evidence establishes that Rimini used Oracle Database to develop and test updates for its clients. Further, it is undisputed that Rimini used Oracle Database to create updates for all clients using a particular version of a copyrighted software program. Rimini's use of Oracle Database to support multiple customers is also outside the scope of this license provision. Therefore, the court finds

that Section C does not expressly authorize Rimini's copying and use of Oracle Database.

b. Section D

Section D of the OLSAs states in pertinent part that the licensee "may make a sufficient number of copies of each program for [the licensee's] license use . . . ." Doc. #411, Exhibit 2, Section D. Rimini contends that this provision also expressly authorizes it to copy and use Oracle Database on its own systems in order to provide contracted software support services to its clients. *See* Doc. #436, pp.13-14.

The court finds that the plain, unambiguous language of Section D does not expressly authorize Rimini to make copies of the licensed software. First, the plain language of Section D provides that *only* the licensee may make copies of the software. Doc. #411, Exhibit 2, Section D ("[The licensee] may make a sufficient number of copies . . ."). Nowhere does this provision authorize Rimini, as a third party, to make a copy of the licensed software.

Second, Section D authorizes copying of the software only for the licensee's "licensed use." Oracle argues, and the court agrees, that the "sufficient number of copies" provision is subject to the licensing restrictions outlined in Section C of the OLSAs. Section D's "licensed use" language necessarily means that use of any copies of the database software are subject to all other licensing restrictions identified in the license. *See e.g., Threlkeld v. Ranger Ins. Co.*, 202 Cal. Rptr. 529, 532 (Cal. App. 1984) (interpreting the phrase "in accordance with" a set of regulations as incorporating those regulations by reference). As addressed above, the court finds that

none of the copies were used for Rimini's clients' internal business operations as required by Section C. *See supra,* §III (B)(2)(a). Rather, the undisputed evidence established that these copies of Oracle Database were used to develop and test software updates for Rimini. Accordingly, the court finds that Rimini's copying and use of Oracle Database is outside the scope of Section D.

3. Conclusion

Based on the court's rulings above, neither of Rimini's asserted licenses (the Developer License or its clients' OLSAs) expressly authorize its copying of Oracle's copyrighted Oracle Database software as a matter of law. Therefore, the court finds that Oracle is entitled to summary judgment on both its claim of copyright infringement as it relates to Oracle Database and Rimini's second affirmative defense for express license as it relates to Oracle Database. Accordingly, the court shall grant Oracle's second motion for partial summary judgment on these issues.

C. Statute of Limitations (Eighth Affirmative Defense)[8]

Copyright infringement actions must be filed "within three years after the claim accrued." 17 U.S.C. § 507(b); *Roley v. New World Pictures*, 19 F.3d 479, 481 (9th Cir. 1994). A copyright claim accrues "when one has knowledge of a violation or is chargeable with such knowledge." *Roley*, 19 F.3d at 481. One is chargeable with knowledge of a copyright violation if it could have been reasonably discovered. *See Polar Bear Prods. v. Times Corp.*, 384 F.3d 700, 706 (9th Cir. 2004). Thus, "[a] claim for copyright infringement accrues on the date that a reasonable investigation would have put the rights holder on notice that potentially infringing conduct has occurred." *In re Napster, Inc. Copyright Litig.*, 2005 WL 289977, *4 (N.D. Cal. 2005).

Oracle filed the underlying copyright infringement action on January 25, 2010. *See* Doc. #1. Based on the three-year limitations period set forth in 17 U.S.C. § 507(b), Rimini contends in its affirmative defense that Oracle's copyright claims are untimely with respect to any acts or conduct that

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[8] The court notes that Rimini's eighth affirmative defense based on the statute of limitations is raised against all of Oracle's claims for copyright infringement - including Oracle's copyright infringement claims raised in its initial motion for partial summary judgment (Doc. #237) - and not just Oracle's copyright infringement claim related to Oracle Database. Thus, the court's analysis of this affirmative defense encompasses Oracle's entire copyright infringement claim and will refer to infringement issues addressed previously in the court's order granting in-part and denying in-part Oracle's first motion for partial summary judgment (Doc. #474).

occurred prior to January 25, 2007.[9] *See* Doc. #436, pp.16-20. However, as the statute of limitations does not begin to run until the claim accrues, Rimini must establish that Oracle knew or should have known of Rimini's underlying acts or conduct which constitute Oracle's copyright infringement claims prior to January 25, 2007. *See Roley*, 19 F.3d at 481.

In support of its affirmative defense, Rimini argues that Oracle knew or should have known of its infringement prior to January 25, 2007, for two reasons.[10] First, Rimini contends that a series of correspondence between itself and Siebel Systems ("Siebel") (Oracle's predecessor in interest for the Siebel-branded software) in September/October 2005, put Siebel - and thereby Oracle[11] - on notice at that time that Rimini was going to engage in the underlying conduct of copying Oracle's copyrighted

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[9] It is undisputed that Oracle's claims are timely for all acts of copyright infringement that occurred after January 25, 2007.

[10] In its affirmative defense, Rimini argues that Oracle had actual knowledge of the underlying conduct constituting copyright infringement prior to January 25, 2007. *See* Doc. #436. However, the court has reviewed the evidence proffered in this action and finds that there is no evidence that Oracle actually knew, prior to January 25, 2007, that Rimini was copying its Enterprise Software programs onto Rimini's servers. In fact, Rimini has failed to proffer any evidence from Oracle concerning Oracle's knowledge in 2005 and 2006. Therefore, the court finds that Rimini's eighth affirmative defense based on the statute of limitations fails as it relates to Oracle's actual knowledge prior to January 25, 2007. Accordingly, the court shall only address Rimini's arguments that Oracle is chargeable with knowledge of Rimini's conduct in analyzing its eighth affirmative defense.

[11] Oracle acquired Siebel in 2006.

Enterprise Software programs on its own servers and under its own control in order to provide contracted software support services for its clients - conduct which the court has determined constitutes copyright infringement. *See* Doc. #474. Second, Rimini contends that Oracle itself was put on notice of Rimini's conduct of copying Oracle's software when it began shipping its customers' Enterprise Software back-up installation media to Rimini's facilities in 2006. Based solely on these two references, Rimini argues that Oracle is chargeable with knowledge that Rimini was engaged in conduct constituting copyright infringement prior to January 25, 2007, and therefore, the statute of limitations bars any claim for conduct that occurred before that date. The court shall address each argument below.

1. 2005 Correspondence

Rimini launched its business in late 2005, by offering support for Siebel-branded software programs which it later expanded to include Oracle's J.D. Edwards and PeopleSoft-branded software programs in 2006. Doc. #153, ¶21 ("[Rimini] began operations in September 2005, offering a competitive after-market support offering for Siebel software products."); ¶23 ("[Rimini] added support offerings for Oracle's PeopleSoft products in April 2006 and Oracle's JD Edwards products in September 2006."). Rimini began advertising its services in early September 2005.

On September 26, 2005, before Rimini had signed up a single customer, Siebel sent a letter to Rimini addressing Rimini's purported ability to offer maintenance and support services for Siebel's software programs without violating Siebel's

intellectual property rights. Doc. #413, Exhibit 57. Siebel's letter stated in pertinent part:

> "As discussed herein, [Siebel] believes that various statements made by [Rimini] are false and/or misleading, and we hereby demand that Rimini immediately cease its wrongful activities.
>
> . . .
>
> By this letter, we hereby ask [Rimini] to explain in detail how it intends to fulfill the promises it is making to potential customers on its website and in its public comments. Specifically, please advise how [Rimini] intends to provide 'complete maintenance and support services' without access to [Siebel's] source code, programs or confidential, proprietary or trade secret information."

Doc. #413, Exhibit 57.

On October 6, 2005, Rimini responded and assured Siebel that Rimini would be providing independent consulting services to the extent permitted by law and in accordance with any relevant software license agreements while still respecting Siebel's intellectual property rights. Doc. #413, Exhibit 58. Rimini's response letter stated in pertinent part:

> "[Rimini] respects the intellectual property rights of software providers. [Rimini] intends to achieve quality service and customer satisfaction by providing independent consulting services to its clients *to the extent permitted by law, and in accordance with the terms of any relevant software license agreement* in effect with each [Rimini] client.

> . . .
>
> [Rimini's] proposed maintenance and support consulting services . . . require the same software program access as other independent consulting services procured by [Siebel] licensees on a regular basis. . . .
>
> . . .
>
> [Rimini's] alternative maintenance and support services will only provide [Rimini] clients with source code remediation and updates created by [Rimini] as independent consultant projects developed at the request of and on behalf of its . . . clients.
>
> . . .
>
> Updates made by [Rimini] to available [Siebel] software source code will be *in accordance with the individual scope, nature, rights, and terms of the Siebel system license agreements* executed between [Siebel] and each [Rimini] client."

Doc. #413, Exhibit 58 (emphasis added).

Rimini argues that this exchange of letters put Oracle, as Siebel's successor, on notice of Rimini's intention to offer software support services to Oracle's Enterprise Software customers by copying Oracle's copyrighted software onto its own servers. The court disagrees. The court has reviewed the correspondence and finds that Rimini's 2005 letter is insufficient to charge Oracle with knowledge that Rimini intended to copy Oracle's copyrighted works on its own servers and outside the licensee's control.

First, the court finds that Rimini expressly assured Oracle that it would "provid[e] independent

consulting services . . . to the extent permitted by law, and in accordance with the terms of any relevant software license agreement[.]" *Id.* Where a defendant expressly assures competitors that it is not violating the competitor's intellectual property rights, a plaintiff cannot be charged with knowledge of the infringing conduct. *See e.g., William A. Graham Co. v. Haughey*, 568 F.3d 425, 439-41 (3d Cir. 2009) (finding that despite "storm warnings" that defendant was a competitor and was in possession of copyrighted material, it was reasonable for plaintiff to delay filing suit because defendant had "repeatedly agreed to respect [plaintiff's] rights to its intellectual property."). Similarly, mere general knowledge that a competitor is going to enter the market and compete is also insufficient to put a party on notice of copyright infringement. *See Garcia v. Coleman*, 2008 WL 4166854, *7 n.2 (N.D. Cal. 2008) (stating that mere participation in an industry by a competitor is "not enough to establish chargeable knowledge"). Thus, based on the specific assurances by Rimini that it was going to abide by Oracle's intellectual property rights, the court finds that Oracle is not chargeable with knowledge that Rimini was engaging in infringing conduct in late 2005.

Second, even if Rimini had not assured Oracle that it would respect its intellectual property rights and not infringe its copyrights, Rimini's statute of limitations defense would still fail because nowhere in its letter does Rimini state that it planned to copy any copyrighted software onto its own computer systems (as opposed to accessing software on its clients' systems) - the conduct the court has concluded constitutes copyright infringement. The letter repeatedly references Rimini's planned

"access" to its clients' software. Such references cannot put Oracle on notice that Rimini intended to copy the software onto its own computers. Indeed, Rimini employees, including Rimini CEO Seth Ravin, have confirmed that the term "access" was used to describe Rimini working with the licensed software on its clients' systems. *See e.g.*, Doc. #452, Exhibit M, Ravin Depo., pp.476:3-476:9 ("Q. In use of the term, "access" is intended to indicate that [Rimini] will not have a local copy of the software on its systems, but will access the software as it resides on the customer systems? A. That is correct. Remote access is what we refer to."). The distinction between Rimini "accessing" the software on its clients' systems (subject to the terms of those clients' licenses with Oracle) and Rimini installing and copying software on its own systems is plain on its face. And Rimini's continuing reference to "access" cannot have put Oracle on notice that Rimini was engaging in conduct, like copying, not contemplated or mentioned by the letter. Therefore, the court finds that the letter failed to put Oracle on notice of Rimini's conduct, and as such, Oracle is not chargeable with knowledge that Rimini was engaging in copyright infringement in late 2005.

2. Shipment of Back-up Installation Media

In its affirmative defense, Rimini also argues that knowledge of its infringing conduct should be imputed to Oracle because, beginning in 2006, Oracle shipped back-up copies of its customers' Enterprise Software installation media to Rimini's facilities with full knowledge that Rimini was using the installation media to create copies of the software on its own systems to provide support services to its

clients. *See* Doc. #436, pp.17-20. Thus, Rimini argues that Oracle should have known, and is chargeable with knowledge, that Rimini was engaging in conduct which constituted copyright infringement as early as 2006.

The court has reviewed the documents and pleadings on file in this matter and finds that the evidence before the court does not support Rimini's argument. The undisputed evidence in this action establishes that between 2006 and 2009, Oracle shipped at least 90 back-up copies of licensed software installation media to Rimini's facilities for different Oracle Enterprise Software customers. Doc. #261, Exhibit 15, pp.8-9 (recognizing that Oracle shipped software installation media to Rimini for approximately 90 customers from 2006 to 2009). Further, it is undisputed that at the time it shipped the installation media, Oracle had been tracking Rimini's business activities. *See* Doc. #261, Exhibit 20 (e-mail to Oracle executives regarding Rimini dated May 1, 2006); Exhibit 21 (e-mail to Oracle executive concerning Rimini dated April 24, 2006); Exhibit 23 (e-mails reflecting Oracle's Vice President of Competitive Intelligence's tracking of Rimini dated March 2007). Based on this limited evidence, Rimini argues that Oracle not only knew that Rimini was providing software support services to Oracle customers, but, by extension, also knew that Rimini was engaging in copyright infringement by using the back-up copies of the software installation media to create copies of the software on Rimini's systems to service those customers. However, Rimini's assumption of Oracle's knowledge that the back-up copies of the installation media were being used to make copies of the licensed software is not supported by the evidence, and thus, Oracle cannot be charged

with knowledge of Rimini's infringing conduct in 2006.

First, other evidence before the court establishes that these back-up copies, although ultimately shipped to Rimini, were shipped only after Oracle's customers submitted requests to Oracle describing Rimini's address as the customers' "secondary offsite backup location."[12] *See* Doc. #242, Exhibit 33, Rimini's Second Amended Responses to Oracle's Third Set of Requests for Admission, Request #26 ("[A]dmit that more than 50% of the requests asked Oracle to ship the software to an 'offsite backup location.'" "Admitted"); Request #28 ("Admit that, at least 25 times, You instructed a [Rimini] customer or prospective [Rimini] customer to state that software was to be shipped to an "offsite backup location" when that customer or prospective customer requested that Oracle ship software to a [Rimini] address." "Admitted."). In fact, the evidence establishes that Rimini intentionally concealed its identity in these shipping requests by omitting any reference to Rimini on the shipping requests and using only the customer's business name.

Second, Rimini admits that the purpose behind the obfuscated shipping requests was to allow Rimini to create development environments to service Rimini's customers without Oracle's knowledge. *See* Doc. #242, Exhibit 31, Corpuz Depo., p.160 ("Q. It's

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[12] An offsite backup location is one where the software installation media can be held in safety, so that the installation media could be easily retrieved and provided to the customer in the event that the customer's copy of the installation media was lost or destroyed.

true, isn't it, that the reason for the request was for [Rimini] to build an environment on [Rimini's] premises for tax development work? A. I believe so, yes."). Thus, the evidence does not support Rimini's assumption that Oracle knew that it was shipping back-up copies of the software installation media to Rimini's facilities in 2006.

Additionally, there is no evidence that Oracle knew of Rimini's use of the shipped installation media to create copies of the software on Rimini's systems. Rimini admits that the shipping requests were designed so that Oracle would not know that Rimini was using these back up copies of the licensed software. *See* Doc. #242, Exhibit 33, Rimini's Second Amended Responses to Oracle's Third Set of Requests for Admission, Request #30 ("Rimini responds that, having investigated, it is not aware of any requests to Oracle for shipment of Oracle Enterprise Software to a [Rimini] address which expressly stated that the software shipped to a [Rimini] address would be used by [Rimini] to install software on [Rimini's] computers."). Further, Rimini fails to present any evidence that Oracle knew that Rimini was copying the software onto Rimini's systems prior to January 25, 2007. Based on the evidence before the court, the court finds that no reasonable jury could conclude from Oracle's shipments of the installation media to a location described as a "secondary offsite backup location" that Oracle should have had knowledge of Rimini's infringing conduct sufficient for a copyright infringement claim to accrue, and the statute of limitations to begin to run, in 2006.

3. Conclusion

As addressed above, there is no evidence to support the conclusion that Oracle had knowledge that Rimini was engaging in copyright infringement prior to January 25, 2007. Further, the evidence does not support Rimini's argument that Oracle should be charged with knowledge of its infringement prior to January 25, 2007, based either on the 2005 correspondence with Siebel or from Oracle's shipment of back-up installation media to Rimini's facilities. Therefore, the court finds that all of Oracle's claims for copyright infringement are timely. Accordingly, the court shall grant Oracle's motion for summary judgment as to this affirmative defense.

D. Laches (Ninth Affirmative Defense)[13]

Rimini's ninth affirmative defense alleges that Oracle's copyright claims are barred by the doctrine of laches based on Oracle's unreasonable failure to timely file this action. *See* Doc. #436.

To establish a laches defense in a copyright infringement action, a defendant must show that "(1) the plaintiff delayed in initiating the lawsuit; (2) the delay was unreasonable; and (3) the delay resulted in prejudice." *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 695 F.3d 946, 949 (9th Cir. 2012). Delay is measured

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[13] Similar to Rimini's eighth affirmative defense for the statute of limitations, Rimini's ninth affirmative defense for laches is raised against all of Oracle's copyright infringement claims and not just the claim related to Oracle Database addressed in this motion. Accordingly, the court shall consider the affirmative defense in its entirety as to all copyright infringement claims.

from when "the plaintiff knew (or should have known) of the allegedly infringing conduct, until the initiation of the lawsuit." *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 952 (9th Cir. 2001). In determining the reasonableness of the delay, courts look to the cause of the delay. *Id.* at 954. Prejudice can exist where "during the delay, [defendant] invested money to expand its business or entered into business transactions based on [its] presumed rights." *Petrella*, 695 F.3d at 953.

In the present motion, Oracle argues that summary judgment is appropriate on Rimini's laches defense because it did not delay in filing suit. *See* Doc. #405, pp.21-23. The court agrees.

When a claim for copyright infringement is brought within the statute of limitations period, there is a strong presumption that there is no unreasonable delay. *See Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 997 (9th Cir. 2006) (holding that if a plaintiff "files suit within the applicable period of limitations for his claim, there is a strong presumption that laches does not bar the claims"); *Novell, Inc. v. Unicom Sales, Inc.*, 2004 WL 1839117, *5-7 (N.D. Cal. 2004) (applying the "strong presumption" that laches does not apply to a copyright claim filed within the applicable limitations period). Only in unusual circumstances will an action filed within the statutory period be considered a sufficiently unreasonable delay to permit a laches defense. *See Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 950-54 (9th Cir. 2001) (finding that laches defense applied when re-released DVD material was identical in nature to an original infringing work and that although the statute of limitations would permit the lawsuit, the thirty-six

year time lapse from the initial infringement was an unreasonable delay sufficient to support a laches defense).

Here, as addressed above, the court finds that Oracle did not have knowledge, nor is Oracle chargeable with knowledge, of Rimini's conduct prior to January 25, 2007. *See supra*, § III(C). As such, there is a strong presumption that Oracle did not delay in filing this action. Further, there are no unusual circumstances that would overcome the strong presumption that there is no delay. Finally, Rimini has failed to establish that it was prejudiced by Oracle's alleged delay. Thus, as the period for both the equitable and statutory periods accrued at the same time, the court finds that it would be inequitable to bar Oracle's claims for copyright infringement that were brought within the statutory period. Accordingly, the court shall grant Oracle's motion as to this affirmative defense.

E. Defamation (First Counterclaim) and Unfair Competition (Third Counterclaim)

Finally, Oracle moves for summary judgment on Rimini's two remaining counterclaims for defamation, business disparagement and trade libel; and unfair competition pursuant to Cal. BPC § 17200.[14]

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[14] California's unfair competition statute prohibits any unfair competition, which is defined as "any unlawful, unfair, or fraudulent business practice or act." Cal BPC §§ 17200, *et seq.* In its counterclaim, Rimini alleges that Oracle engaged in fraudulent business practices by making defamatory statements that have harmed Rimini's business activities. *See* Doc. #153.

To establish a claim for defamation, Rimini must establish: (1) a false and defamatory statement by Oracle concerning Rimini; (2) an unprivileged publication to a third person; (3) fault, amounting to at least negligence; and (4) actual or presumed damages. *Wynn v. Smith*, 16 P.3d 424, 427 (Nev. 2001). A statement may be defamatory only if it contains a factual assertion that can be proven false. *See Flowers v. Carville*, 112 F. Supp. 2d 1202, 1210 (D. Nev. 2000). The determination of whether a statement contains a defamatory factual assertion is a question of law. *Rodriguez v. Panayiotou*, 314 F.3d 979, 985 (9th Cir. 2002); *see also Branda v. Sanford*, 637 P.2d 1223, 1225-26 (Nev. 1981).

In its affirmative defense, Rimini alleges three separate statements made by Oracle representatives between March 2009 and March 2010 to potential customers of Rimini and members of the press were defamatory in nature and harmed Rimini's business. The alleged defamatory statements are as follows:

- Statement #1: Rimini alleges that in March 2009, an unidentified Oracle employee made unspecified statements to industry analyst Pat Phelan of Gartner Research insinuating that Rimini's business practices were illegal. *See* Doc. #413, Exhibit 68.

This claim is derivative of Rimini's counterclaim for defamation. As such, the court's ruling on Rimini's defamation counterclaim applies with equal force and weight to Rimini's unfair competition counterclaim and, therefore, the court shall limit its discussion solely to the defamation counterclaim.

- Statement #2: Rimini alleges that on March 29, 2010, Oracle spokesperson Deborah Hellinger ("Hellinger") made statements to the press in response to the filing of Rimini's answer and counterclaims in this action in which Hellinger stated that Rimini had engaged in "massive theft" of Oracle's intellectual property. *See* Doc. #413, Exhibit 68, Rimini's First Supplemental Response to Interrogatory 16 ("Oracle spokesperson Deborah Hellinger publically accused [Rimini] on March 29, 2010 of engaging in 'massive theft' of Oracle's intellectual property.").
- Statement #3: Rimini alleges that on January 30, 2010, Oracle Regional Services Sales Manager James McLeod ("McLeod") sent an email forwarding an article from *Information Week* to the Vice President of Liz Claiborne, Inc., a Rimini customer. The article allegedly contained Oracle's allegations from this lawsuit including allegations of Rimini's "massive theft" of Oracle's intellectual property. *See* Doc. #413, Exhibit 68, Rimini's First Supplemental Response to Interrogatory 16 ("Further, on January 30, 2010, James McLeod, a Regional Services Sales Manager for Oracle, sent an e-mail to Kerry Fogarty, a Vice President at Liz Claiborne, Inc., containing statements that [Rimini] had obtained 'Oracle's software and related support materials through an illegal business model,' including 'massive theft.'").

In its motion, Oracle raises four arguments for why it is entitled to summary judgment on Rimini's defamation counterclaim. Specifically, Oracle argues

that: (1) Rimini, as a limited purpose public figure, has failed to proffer any evidence that the alleged statements were made with actual malice, as opposed to mere negligence; (2) the alleged defamatory statements are true; (3) McLeod's statements are additionally protected by the fair reporting privilege; and (4) with respect to Rimini's trade libel claim, Rimini has failed to proffer any evidence of special damages. *See* Doc. #405. The court shall address each argument below.

1. Malice

In its motion, Oracle contends that Rimini is a limited purpose public figure and must therefore establish actual malice on the part of Hellinger and McLeod[15] in making the allegedly defamatory statements.

The determination of whether a party is a public figure, or a limited purpose public figure, is an issue of law to be decided by the court. *See Tavoulareas v. Piro*, 817 F.2d 762, 772 (D.C. Cir. 1987) ("Whether (and to what extent) a person is a public figure is a matter of law for the court to decide."). A person or company may become "a general purpose public figure only if he [] is 'a well-known celebrity, his name a household word.'" *Id.* (quoting *Waldbaum v. Fairchild Publ'ns, Inc.*, 627 F.2d 1287, 1294 (D.C. Cir. 1980). "Although few persons obtain the level of notoriety to be public figures in all contexts,

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[15] In its opposition to Oracle's second motion for partial summary judgment, Rimini states that it has elected not to rely on the statements made to Pat Phelan to support its claim for defamation. *See* Doc. #436, p.7. Accordingly, the court shall grant Oracle's motion as to this statement.

individuals may be public figures for the more limited purpose of certain issues or situations." *Id.* A person or company can be a limited purpose public figure when three factors are met. *Id.* "First, there must be a public controversy, which means the issue was debated publicly and had foreseeable and substantial ramifications for nonparticipants." *Medifast, Inc. v. Minkow*, 2011 U.S. Dist. LEXIS 33412, *12 (S.D. Cal. 2011). Second, the person's role in the controversy must be more than "trivial or tangential." *Tavoulareas*, 817 F.2d at 773 (citing *Waldbaum*, 627 F.2d at 1297). This factor requires the person to "have undertaken some voluntary act through which he or she sought to influence resolution of the public issue." *Medifast*, 2011 U.S. Dist. LEXIS 33412, *12. However, an individual does not become a limited purpose public figure "merely by stating a position on a controversial issue if he or she is not a principal participant in the debate or is unlikely to have much effect on its resolution." *Tavoulareas*, 817 F.2d at 773. Finally, the alleged defamation must be germane to the person's participation in the controversy. *Id.*; *Medifast*, 2011 U.S. Dist. LEXIS 33412, *12.

The court has reviewed the documents and pleadings on file in this matter and finds that Rimini is not a limited purpose public figure as it relates to Oracle's allegedly defamatory statements. First, the court finds that there was not a sufficiently public controversy over which Rimini expressed its opinions. In its motion, Oracle identifies the public controversy as the legality of third-party support services to Oracle's Enterprise Software programs arising out of Oracle's lawsuit against non-party SAP, *Oracle v. SAP AG*, Case no. 07-01658 (N.D. Cal.). Initially, the court notes that this controversy

was not widely publicized or addressed in the public sphere such that it created a public controversy. Rather, the controversy took place within the confines of the litigation and attracted sparse media attention. Further, the business methods addressed by the lawsuit were specific to SAP and not to Rimini or other third-party developers, and Oracle has conceded generally that third-party software support services are permissible in the market. Thus, the court finds that the controversy identified by Oracle was not likely to have "foreseeable and substantial ramifications for nonparticipants" sufficient to create a public controversy. *See Medifast*, 2011 U.S. Dist. LEXIS 33412, *12.

Second, the court finds that even if the *SAP* litigation could constitute a public controversy, Rimini's limited statements were not likely to have an effect on the controversy. Rimini's limited comments are summarized as follows:

- Comment #1: On May 17, 2006, Rimini sent an email to Vauhini Vara from the Wall Street Journal in which Rimini stated that: "Siebel Agreements generally allow third party access rights and modification rights to provide source code, BUT ALSO seem to have specific terms to exclude 'access rights' for those parties who are also 'direct competitors' like SAP - especially SAP . . . the clearest definition of a 'direct competitor' for Siebel/Oracle. . . . [Rimini] is clearly not a 'direct competitor' any more than the thousands of other independent consultants and firms who provide services to Siebel clients. We are not a software manufacturer, and do not directly compete in the software

vendor arena. We provide services to clients in order to make their Siebel/Oracle software work properly and smoothly. . . . Therefore, as a specialized consulting firm, [Rimini] has clear competitive advantage in serving the entire Siebel client base without the sales and market challenges faced by SAP/TomorrowNow." Doc. #414, Exhibit 79.

- Comment #2: On March 23, 2007, Rimini CEO Ravin is quoted as providing insight into the lawsuit and differentiating Rimini's practices in an article entitled "Solution Providers: Oracle Suing SAP Over Standard Industry Practice." Doc. #414, Exhibit 80.

- Comment #3: On March 27, 2007, Rimini CEO Ravin is quoted as saying that "Oracle's lawsuit is not about [SAP] offering third party support" in an article appearing in *The Enterprise Spectator* entitled "Oracle/SAP lawsuit: view from Rimini Street." Doc. #414, Exhibit 81.

- Comment #4: On July 12, 2007, Rimini Vice President of Global Marketing and Alliances, David Rowe ("Rowe"), offered his opinion on the *SAP* litigation and Rimini's options of working with SAP in the future in an article appearing on *eWeek* entitled "Oracle Suit Against SAP Raises Customer Concerns." Doc. #414, Exhibit 82.

- Comment #5: On April 25, 2008, Rowe was quoted as stating that "[Rimini], as we have commented previously, has safeguards in place to keep such issues from occurring in its operations" in an article in *CIO* entitled

"Oracle v. SAP Legal Fight Gets Messier, Raises Tough Questions About Third-Party Maintenance." Doc. #414, Exhibit 83.

The court finds that these comments were not directed at the public in order to influence resolution of the litigation or some broader issue about third-party software support, but were directed to increase Rimini's exposure and business. Rimini's limited and sporadic comments on the litigation in which Rimini primarily comments on its own business practices does not raise to the level of Rimini inserting itself into the controversy, and Rimini did not abuse its privilege when it simply stated why it believed its business model was legal in comparison to SAP's business practices. Thus, the court finds that Rimini is not a limited purpose public figure and therefore, Rimini does not have to establish actual malice by Hellinger and McLeod in making the allegedly defamatory statements.

2. Truth

In the alternative, Oracle argues that even if Rimini does not have to prove actual malice, the court should still grant summary judgment on Rimini's defamation counterclaim because the two allegedly defamatory statements are true. The court agrees.

Truth is an absolute defense to defamation. *See Flowers*, 112 F. Supp. 2d at 1210. Here, both statements (Hellinger's statement and McLeod's statement) that Rimini engaged in "massive theft" of Oracle's intellectual property are true. It is undisputed that Rimini engaged in theft of Oracle's intellectual property by repeatedly making multiple copies of Oracle's copyrighted Enterprise Software

programs to support its software support service clients beginning in 2005.

Although Rimini argues in its opposition that theft and copyright infringement are different, the court finds that the semantic distinction between copyright infringement and theft does not matter in this instance. First, it is not the literal truth of "each word or detail used in a statement which determines whether or not it is defamatory; rather, the determinative question is whether the 'gist or sting' of the statement is true or false." *Ringler Assocs. v. Maryland Cas. Co.*, 80 Cal. App. 4th 1165, 1180-82 (2000). Applying these principles, courts consistently hold that the imprecise use of legal terminology does not qualify as defamation when the terminology provides the gist of the actual claims. *Id.*

Second, there is no meaningful distinction between "theft" and "copyright infringement." One of the leading Ninth Circuit copyright infringement cases refers to the copyright infringement defendant as an "ordinary thief." *Polar Bear*, 384 F.3d at 709. Further, the Supreme Court has stated that "deliberate unlawful copying is no less an unlawful taking of property than garden-variety theft." *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Inc.*, 545 U.S. 913, 961 (2005). Therefore, because the court has found that Rimini has engaged in copyright infringement, it is true that Rimini has engaged in theft of Oracle's intellectual property. Therefore, the court shall grant Oracle's motion as to Rimini's defamation counterclaim.

3. Fair Reporting Privilege and Trade Libel

Because the court has found that the allegedly defamatory statements are true, and therefore, there is no defamation as a matter of law, the court finds that it is unnecessary to determine if McLeod's statement is also protected by the fair reporting privilege or address whether Rimini has proffered evidence of special damages sufficient to establish its claim for trade libel.

IV. Conclusion

In conclusion, the court finds, consistent with the rulings above, that Oracle has established a *prima facie* case of copyright infringement as it relates to the identified copies of Oracle Database. *See supra*, § III(A). Further, the court finds that Oracle is entitled to summary judgment on Rimini's second affirmative defense of express license also as it relates to Oracle Database. *See supra*, §§ III(B)(1) & (2). The court also finds that Oracle is entitled to summary judgment on Rimini's eighth affirmative defense for statute of limitations and ninth affirmative defense for laches. *See supra*, §§ III(C) & (D). Finally, the court finds that Oracle is entitled to summary judgment on Rimini's first counterclaim for defamation, business disparagement, and trade libel, as well as Rimini's third counterclaim for unfair competition. *See supra*, § III(E). Accordingly, the court shall grant Oracle's present motion for partial summary judgment in accordance with these findings.

Following entry of this order, the parties shall have sixty (60) days to submit a proposed joint pre-trial motion in accordance with Local Rules 16-3 and

16-4. In the proposed pre-trial order, the parties shall submit a list of three agreed-upon trial dates. If the parties are unable to agree upon proposed trial dates, or desire a case management conference to set a trial or motion schedule following the submission and acceptance of the proposed joint pre-trial order, the parties may seek such a conference at that time.

IT IS THEREFORE ORDERED that plaintiffs' motion for partial summary judgment (Doc. #405) is GRANTED in accordance with this order.

IT IS FURTHER ORDERED that the clerk of court shall enter judgment in favor of plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation; and against defendant Rimini Street, Inc., on plaintiffs' first cause of action for copyright infringement as it relates to Oracle Database.

IT IS FURTHER ORDERED that the clerk of court shall enter judgment in favor of plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation; and against defendant Rimini Street, Inc., on defendant's second affirmative defense for express license as it relates to plaintiffs' claim for copyright infringement arising from defendant's copying of Oracle Database.

IT IS FURTHER ORDERED that the clerk of court shall enter judgment in favor of plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation; and against defendant Rimini Street, Inc., on defendant's eighth affirmative defense for statute of limitations; ninth affirmative defense for laches; first counterclaim for defamation, business disparagement, and trade libel; and third counterclaim for unfair competition.

IT IS FURTHER ORDERED that the parties shall have sixty (60) days following entry of this order to submit a proposed joint pre-trial motion in accordance with both Local Rules 16-3 and 16-4.

IT IS SO ORDERED.

DATED this 12th day of August, 2014.

s/Larry R. Hicks
LARRY R. HICKS
UNITED STATES DISTRICT JUDGE

[264] UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

BEFORE THE HONORABLE LARRY R. HICKS,
DISTRICT JUDGE

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation, Plaintiffs, vs. RIMINI STREET, INC., a Nevada corporation; and SETH RAVIN, an individual, Defendants.	No. 2:10-cv-0106-LRH-PAL

TRANSCRIPT OF JURY TRIAL - DAY 3

(Pages 264 through 491)

September 16, 2015

Las Vegas, Nevada

* * *

[271] No. 1, which will be the first exhibit in your binder. It's also going on your screen. It's also been preadmitted so we can see it on the screen.

And, Matt, can you blow up the middle so we can see that email there.

SETH RAVIN

recalled as a witness on behalf of the Plaintiffs, having been previously sworn, was examined and testified as follows:

DIRECT EXAMINATION RESUMED

BY MR. ISAACSON:

Q. This email is very small print for who it's from and to, but this is an email from that vice-president,

Mr. Chiu, to you, Mr. Ravin. This is on March 30th, 2006. Mr. Chiu writes to you, "Yes. Dan's the man" -- that's Dan Slarve; is that right?

A. Yes.

Q. One of your vice-presidents?

A. Yes.

Q. And he found the most "recent development," and he cites a website, edelivery.oracle.com.

And he says, "They'll start putting any available patches that come out on that public portal for download. The portal asks for some basic information?"

He says what that is, and then goes on to say,

[272] "It does not 'check' the info entered against any license agreement. So basically it's an open door to their software."

Now, that's referring to Oracle software; right?

A. That would be correct, yes.

Q. All right. Now, on top of that, he says in the next paragraph, "Dan found that they have also made license keys available for Siebel, PeopleSoft and JD Edwards software." "License keys" refers to keys that are necessary to -- in order to access certain software; correct?

A. Yes.

Q. Okay. And so without those keys for some of the Siebel, PeopleSoft, and JD Edwards software, you wouldn't have access to that; correct?

A. Yes.

Q. And he says, "Sounds to me like they just said" -- "they" refers to Oracle; right?

A. In this context, yes.

Q. All right. "'Help yourself to the buffet.'" The "buffet" refers to all of the software and keys that are available on eDelivery, the Oracle website; right?

A. Yes, it seems that Dennis Chiu was --

Q. All right?

A. -- referencing that, yes.

* * *

[303] Q. Now, you used -- your people used all of the software, PeopleSoft software, Oracle Database software, Siebel software, JDE software, you used that in connection with your work for customers; correct?

A. Yes.

Q. And the library, in addition to PeopleSoft and Siebel, also included JDE install media; correct?

A. I'm sorry. Can you say that again?

Q. Sure. We talked about the library having Siebel and PeopleSoft. It also included JD Edwards installation media; correct?

A. That's my understanding, yes.

MR. ISAACSON: All right. And let's go back to -- oh, let's look at 35 -- PTX 3511 at 4. This is a response to an interrogatory, interrogatory number 25. Do you have any objection to me showing it on the screen?

COURTROOM ADMINISTRATOR: It's not admitted.

MR. ISAACSON: It's not admitted.

COURTROOM ADMINISTRATOR: No.

MR. ISAACSON: Correct, it's not admitted. I'm asking if he has -- if I have his permission.

THE COURT: Oh.

MR. ISAACSON: Oh, please take -- I'm sorry, I didn't see it was on the screen yet.

THE WITNESS: I'm sorry. Which number is that?

* * *

[306] Oracle Database software; correct?

A. I see that in the document, yes.

Q. All right. You never disclosed that these libraries also had material for JD Edwards and Siebel; correct?

A. I don't see it listed in these particular name directories.

Q. In fact, you said under oath yesterday that the library did not include Siebel software; right?

A. I don't remember saying that.

Q. Well, "Did you have a library of Siebel software and documentation at Rimini Street? "No."

Do you remember saying that yesterday?

A. Again, you're talking about -- you were asking me about what the allegation was versus what I said the installation media --

Q. I just read you the complete question. "Did you have a library of Siebel software and documentation at Rimini Street?

"ANSWER: No."

Do you remember giving that testimony?

A. No, I don't remember it in that context, no.

Q. Okay. You did have a library of Siebel software and documentation; correct?

A. Based on the documents we reviewed and

* * *

[318] of 318 on the screen, and this --

THE COURT: The first page of 318 is admitted. (Plaintiffs' Exhibit 318, page 1 received into evidence.)

BY MR. ISAACSON:

Q. Mr. Chiu, again that vice-president in your company, this is March 2007, is responding to Mr. Whittenbarger.

He says, "Great question and I'm glad you asked.

"Our clients can extend their software licenses to us for testing and development purposes, much like they would extend them to a consultant they hire to perform development or testing -- exactly what our virtual environments are for and exactly what we do."

So at this point, Mr. Chiu was saying internally in the company that the Siebel licenses could be extended for testing and development purposes, and he was saying that to your environmental engineers; correct?

A. Yes, that's accurate.

Q. And he was saying that that's exactly what your Siebel environments were doing, testing and development; right?

A. That's what they were designed for, yes.

Q. And what we've been saying about separate silos and your golden rule about keeping things separately, you told that to customers also; right?

* * *

[320] A. I'd actually have to look at the numbers.

Q. Okay. In actuality, though, at Rimini you were using copies of customers' licensed Oracle software to serve multiple clients; right?

A. We were using the generic version of a release to serve as multiple clients that had the same, yes, the reuse.

Q. Okay. Let's talk about that, using the generic version of a release.

Now, a generic version of a release, you mean by Oracle software that requires a license; right?

A. Yes.

Q. Okay. And you would get that release from a customer and put it into a general testing and development environment; correct?

A. Yes. It was a general development test environment that originally sourced from some particular customer's media, yes.

Q. And you did that for PeopleSoft; correct?

A. Yes.

Q. You did that for Siebel; correct?

A. For a few environments. I think it was eight to ten, something like that, early years.

Q. And in the early years you also did that for JD Edwards; correct?

* * *

[335] A. That's what it says, yes.

Q. So what Mr. -- I believe it's Mr. Whittenbarger, and Mr. Slarve responds, he gives the Leads Customer Growth password; right?

A. Yes, that's what it says, that they -- apparently they decided not to use the Brandes and switched to another password for a customer who has live support.

Q. And Leads Customer Growth at this point wasn't even operating the Siebel software, were they?

A. No, but they were a licensee, and they did have support they had paid for.

Q. All right. So you are using the Leads Customer Growth password to access the Siebel support website and download all of those support materials so that you could hand them to multiple customers. That's correct, isn't it?

A. Yes.

Q. All right. And it's your understanding that if a customer's log-in credential is used to download materials that that customer was not licensed to, that would be improper; right?

A. Yes. But, again, coming back to -- specifically to the way the Siebel website worked in those early years, we had only one methodology to get that information.

Q. All right. And, for example, if we can look at 214.

COURTROOM ADMINISTRATOR: It's not admitted.

* * *

[350] Q. How many -- you don't know that for a fact? It's your first customer?

A. Well --

Q. You don't know for a fact whether that customer had zero-dollar value?

A. No. We billed them for services, they billed us for services. I don't know what that net was.

Q. The actual deal that was happening here, though, you agree with me on this, is that Rimini Street was in effect indirectly paying Leads Customer Growth to purchase Siebel software?

A. We were reimbursing them for the costs, uh-huh.

Q. Now, going back to 5355?

A. Uh-huh.

Q. Okay. Mr. Shay asks you should you wait for a bigger real customer, and one of the concerns you had about disclosing publicly LCG as a customer is that there was another company in the marketplace, TN, that's TomorrowNow; right?

A. Yes.

Q. Okay. And that's a company you know well because you were the former CEO of that company; right?

A. No, I was never the CEO.

Q. You were the former head of support for that company?

[351] A. No, I wasn't.

Q. Tell me your title with TomorrowNow.

A. I was president.

Q. President. Sorry.

And you were one of the founders of support at TomorrowNow?

A. Yes, for PeopleSoft and JD Edwards, yes.

Q. I'm sorry. You weren't one of the founders, you were the founder of support at TomorrowNow?

A. No, I actually had a partner, 50 percent, yes.

Q. All right. So you know folks at TomorrowNow, and so your concern -- and Mr. Shay is telling you

they're going to know that LCG is not a real customer?

A. Well, he's going to know that it's not IBM.

Q. Okay. That's not what Mr. Shay said; right?

They're going to actually know -- they're going to look up who this is. They're going to figure out this is not a real customer.

A. They're going to figure out, it's a very small company, that's for sure.

Q. Okay. The -- now, before the Siebel license was entered, you were the one actually acting as a business advisor to LCGrowth about those license terms; right?

A. I don't recollect exactly, but I assume so.

Q. Okay. And in terms of the marketing agreement that

* * *

[356] 2006, that LCG Growth had decided not to proceed with the implementation?

A. Yes, that's what it says in my email.

Q. All right. And after that, Rimini Street kept a copy of LCG's Siebel software on the Rimini systems; right?

A. According to whatever our decommissioning plan was, yes.

Q. And LCG -- Rimini used LCG's name then to attend -- to register as representatives of LCG at Oracle events; right?

A. I don't remember exactly, but it wouldn't be uncommon to use a customer's credentials to enter an event, yes.

Q. All right. And these are events where you get information about what Oracle's doing and to help you with your business and supporting software; right?

A. Yes. I mean, they're general events that customers are allowed to bring their support to, yes.

Q. And LCG Growth never used Rimini Street support, but it provided your first references; right?

A. Provided us references for being a great company and for being a worthy partner, yes.

Q. Okay. Let me get that straight.

So they recommended you as a great company and a worthy partner.

[357] This was a customer, a customer, who never used the Siebel software, who never got support for the Siebel software, and who you were paying to be a customer.

That was your first references who told other companies for you that you are a great -- a great company, and --

A. Great business partner.

Q. -- and a great partner. That's what happened?

A. Sure. Yeah.

Q. Okay.

A. I mean, that's the first customer. You do what you have to to get a first customer going.

Q. And what you had -- no, sir. You don't always do what you have to do. You can be honest about it, can't you?

You don't pay people to be your first customer and then have them go tell other people that you're a great company and a great partner and they're your customer?

A. Well, Oracle put out a piece as well.

MR. ISAACSON: Your Honor, my question is about this company.

THE COURT: The response will be stricken.

BY MR. ISAACSON:

Q. Okay. What you did was dishonest, sir, wasn't it? You paid someone to say they were your first

* * *

[359] MR. ISAACSON: Page 419.

COURTROOM ADMINISTRATOR: Thank you.

THE COURT: You may do so.

BY MR. ISAACSON:

Q. All right. Do you have page 419 in front of you, sir?

A. Yes, I do.

Q. You were asked the question,

"How much has Rimini Street paid Mr. Leake and his company from the inception of the relationship?

"ANSWER: I wouldn't know.

"QUESTION: Approximately?

"ANSWER: I wouldn't know.

"QUESTION: Is it more than $100,000?

"ANSWER: I wouldn't know.

"QUESTION: Is it more than a million dollars?

"ANSWER: I wouldn't know."

You said under oath that you didn't even know whether you paid him more than a million dollars; right?

A. No. I don't know.

Q. And those customers like Albridge who got references from LCG Growth, you never told them that you were paying this customer to be your first customer. You never told them that, did you?

A. That's your characterization, not mine.

* * *

[364] you sent other places?

A. Yes, on our own servers and our data center, yes.

Q. All right. And those -- the environments that you were using at Rimini were used in order to support customers; right?

A. That was their full design and purpose, yes.

Q. All right. And that included troubleshooting for customers?

A. Yes.

Q. Okay. And specifically for Siebel customers, you used Siebel environments for troubleshooting; correct?

A. That was their design, but I don't know actually how they were used day to day, yes.

Q. All right. Well, let's talk about the design first, and then we'll talk about the day to day.

Now, by, troubleshooting in layman's terms, that means that you have an environment that's separate from the operating system and so you can look at it and say why is the operating system having troubles, I'll look at this other copy of it and work with it and see if I can figure out what the trouble is over there.

Is that a fair summary?

A. Well, a little bit different.

Essentially, yes, you're taking the software, you're playing with it to see if you can figure out what's

* * *

[367] A. Yes, for this client, yes.

Q. Okay. And then -- so -- and what you were doing here with these troubleshooting environments is you were using one customer's environment to research or troubleshoot problems for different customers; right?

A. Well, as I said before, we would use a generic environment for a particular release of the product that other multiple customers would have the same license, yes.

Q. All right. And just to be clear, you would use the Siebel environment, if there's trouble, someone would play with it, maybe altering the system, maybe not, trying to figure out what the trouble is, and you would use that environment to check out troubles for a customer that had software of one

customer, and you would be doing that for a customer -- for a different customer.

I'm not sure that came out good?

A. Say that again, please.

Q. Sure. You had an environment for troubleshooting that had a customer's software on it, call it Customer A, and that would be used for troubleshooting, played around with, to see what troubles Customer B was having; right?

A. If they were on the same release and the same license, yes.

Q. Okay. And you also installed copies of the Siebel environment to learn about it, to evaluate it, to see how

* * *

[408] "As a backup strategy, I've asked Bola to install the vanilla Siebel 7.04 and Siebel 6.01 software on her laptop to better support Beekley and Galileo. Granted it's not working under the lab model, but we can then be in a better position to perform all the same work."

So what's happening here is one of your labs wasn't working, so you were having Ms. Bola install the software actually on her own laptops at this point; right?

A. That's what it looks like.

Q. Okay. And you indicated Mr. Leake is now working part-time, and on your website, one of my colleagues pointed out to me, that Mr. Leake "oversees all global digital marketing, marketing communications, client marketing, digital and rich media content creation, social media and media

analysis relations for Rimini Street. He leads all aspects of ideation and execution for marketing communications and digital media worldwide."

Is that accurate?

A. Not any more. That actually changed several months ago when he moved to part-time status and took a different role.

Q. But that was true up until a few months ago?

A. Yes, he was head of digital marketing, yes.

Q. Now, we talked a little bit about how you were the former president of TomorrowNow?

[409] A. Yes.

Q. And were you the 50 percent owner of TomorrowNow?

A. Yes, I owned 50 percent of the shares.

Q. And after you bought 50 percent of the TomorrowNow, you changed their business to provide third-party support? And by third-party support I mean support for enterprise software.

A. Yes. Independent maintenance, yes.

Q. All right. And you're the one who made the decision to change TomorrowNow's business model to compete with PeopleSoft for support; right?

A. Well, in conjunction with my business partners as we were 50-50 partners.

Q. Okay. But the business model was your idea?

A. Yes, based on my work at PeopleSoft and my understanding of what the industry opportunity was.

Q. And you said publicly that you had designed the TomorrowNow service; right?

A. Yes.

Q. And your responsibilities included designing TomorrowNow services offerings; right?

A. Yes. The actual services that we would provide customers, not the back end, how it gets delivered, yes.

Q. Well, but -- and you said what you would do is you would negotiate and sell TomorrowNow service, support [410] services, to customers?

A. Yes, I would sell the support contracts.

Q. All right. And Doug Baron, who is the Rimini employee we talked about is in charge of automated downloading, he was at TomorrowNow; right?

A. That's my understanding, yes.

Q. You've got at least 10 employees, former employees of TomorrowNow at Rimini Street; is that right?

A. I think it's more like 20 plus.

Q. And you have publicly said that Rimini's support model didn't change much from the model that you built at TomorrowNow; right?

A. Relating to what the core services were. We added many new services that weren't available at TomorrowNow.

Q. Okay. And, in fact, you have said publicly the - these are two companies you founded. You've said publicly their histories have run together and there's no way to separate those two companies.

A. Well, I use the example, I think, of Mr. Wynn who designed the Bellagio and then designed The Wynn, you see the same design elements, yes.

Q. Exactly. You've said that publicly before, and you've said that now.

TomorrowNow and Rimini Street, as you said, were like the Bellagio or the Wynn, they have their differences, [411] but when you walk in, it might have the same feel.

A. No, the new one is better always than the one before, yes. We added a whole bunch of new features, yes.

Q. All right. Yours was the more modern version.

The -- and the -- counsel called you, I think, a pioneer, in opening statement, and when your company has marketed you as a pioneer, you would include as part of that story your PeopleSoft, your TomorrowNow, and then your Rimini Street experience?

A. The pioneer, I believe, in the sense that we were creating this new idea of package services for these products, yes.

Q. Right. But when you -- when your marketing people call you a pioneer, or at least they used to, they were including TomorrowNow as part of that?

A. Certainly.

Q. Okay. Now, let me ask you to look at Plaintiffs'

Exhibit 30. You are familiar with this exhibit, aren't you, sir?

A. Yes, it looks familiar.

Q. Okay. Permission to put this on the screen. It's on the screen. It's been admitted.

At the top, you're writing in November 2007 to Pittsburgh public schools; right?

A. Yes. They became the client, yes.

* * *

[478] that TomorrowNow lawsuit was filed by Oracle?

A. Well, you're talking about a four year difference between the start of the company and I believe that lawsuit was starting with TomorrowNow.

Q. Correct. Let me put the question better.

After Oracle filed the suit against TomorrowNow, some of your customers asked have they threatened any lawsuit against you?

A. And the answer was no, we did not feel that there was a threat. Yes.

Q. Right. So, in fact, you said we -- you told, for example, customers such as Young who you talked to the jury about, we have never been threatened by Oracle for the work we do?

A. That's correct. There was no threat of litigation that had come our way, just a bunch of letters back and forth and sparing.

Q. All that happened was there was a bunch of letters, and you never felt any actual threat from Oracle. Is that right?

A. We're talking years and years of letters. So, no, it just seemed to be part of the landscape for us.

Q. Okay. We talked -- there's been talk in this case about automated downloading. Automated downloading are automated tools that Rimini has

employed over time to [479] download from Oracle's website; right?

A. Yes.

Q. And you used automated downloading tools with some of the first clients you signed?

A. We used it -- again, if you want to be more precise between Siebel, PeopleSoft, JD Edwards, they were different methodologies.

We started with Siebel product, then added PeopleSoft and JD Edwards a year later.

So, yes, each one of those had their own automated process for downloading.

Q. All right. And it was you who made the decision it was okay to log on to and download from Oracle websites using automated tools; right?

A. Yes.

Q. And you made the decision to approve the use of automated tools to download materials from Oracle's website?

A. Yes.

Q. All right. And you, in fact, sometimes as you passed screens, computer screens in the office, you could see employees running automated downloading tools on Oracle websites?

A. Yes, as I passed by, yes. I didn't do it myself.

Q. Okay. And some of the -- some of the automated [480] downloading was used -- was done with the user name Seth plus Ravin. Are you aware of that?

A. No, I heard about it in the litigation. I guess somebody used my name in downloading, yes.

Q. Okay. So -- and is it your testimony that you had no knowledge that your name was being used as a user name for this?

A. No, they would pick user names. I don't know why they picked my name.

Q. And then there came a time when you learned that Oracle had changed the terms of use for Customer Connection, the website that we talked about.

A. Yes, right after the TomorrowNow lawsuit was launched, yes.

Q. Well, your counsel said in opening statement that the terms of use were changed because of what Rimini Street was doing.

You would agree with me that the terms of use were changed because of what TomorrowNow was doing; correct?

A. I don't know for a fact why Oracle changed it. I just simply said they changed after the litigation began with TomorrowNow.

Q. Right. So while the statement was made that we -- that Oracle changed its terms of use in order to do [481] something to Rimini, the terms of use were changed right after the TomorrowNow lawsuit was filed; is that right?

A. Yes. I did get a letter back from Oracle relating to it, so I do have insight as to what Oracle said the reason was.

Q. All right. Let's look at Exhibit 20?

A. Okay. I'm there.

Q. This is an email from Mr. Chiu, and he says down below, "Seth left me a voicemail that he's reviewing and will get back to us."

And then what were you reviewing? We turn the page. On the next page, very small print, make that bigger.

"Oracle has updated their terms of use for Customer Connection, please reference the third paragraph in the introduction paragraph below."

So let's go to the next page and go to the third paragraph.

MR. ISAACSON: It's the third paragraph on the introduction, Matt.

THE WITNESS: Yes.

MR. ISAACSON: Make it bigger.

BY MR. ISAACSON:

Q. All right. And it says halfway through, "You will agree" – wait. No. Yes.

[482] "You agree that you will not access or use Customer Connection in any manner that could damage, disable, overburden, impair or otherwise result in unauthorized access to, or interference with, the proper functioning of any Oracle accounts, systems, or networks."

And then it says,

"For example, you may not use any software routines commonly known as robots, spiders, scrapers, or any other automated means, to access Customer Connection, or any other Oracle accounts, systems or networks."

Now, at the time these terms of use came into existence, you were using automated means to download material from Customer Connection; correct?

A. Yes.

Q. And after you learned of these terms of use, you continued to authorize automated downloading from Customer Connection; right?

A. Yes, I made the decision to continue to use the automated terms despite those changes.

Q. Right. And you knew it was against the rules that had been set forth in the terms of use, but, as you said, you continued to do it.

And you -- you also increased the amount of automated downloading, didn't you, using many -- several multiple -- several virtual machines at the same time using [483] software tools to download from Customer Connection; right?

A. Well, we had so many new customers coming over that, yes, we had set up multiple machines to do the download. So, yes, the volume would have naturally increased with the number of customers coming over.

Q. Right. And did you see the chart I showed in opening statement to track what was happening at one of the sites, and how your automatic search requests were higher than all the other requests by all the other Oracle customers combined?

That was you who authorized that; right? There it is. Thank you, Matt.

A. Yes. We had a lot of customers who were coming over to Rimini Street, and that was a lot of files they were entitled to.

Q. And the reason that you wanted these automated downloads is because manual downloads weren't going to get the job done for you; right?

A. Well, we actually switched to manual downloading. So we did switch that, yes.

Q. You weren't going to be able to run your business during this time period with manual downloading; right?

A. Well, that's what we thought, but when you switch to manual and once we figured out how to do it with larger volumes of people, yes.

[484] MR. ISAACSON: My question was about what was happening at the time so I would move to strike the answer about what comes later, Your Honor.

THE COURT: The answer is nonresponsive and will be stricken.

MR. ISAACSON: Would you please look at 454, PTX 454, which is preadmitted.

THE WITNESS: Yes, I'm at 454.

BY MR. ISAACSON:

Q. All right. And you're copied on this email in June 2007. It's about manual download time?

A. Yes.

Q. And if we go to the chart down at the bottom?

A. Yes.

Q. "Seth, this table helps identify how long it would take to manually download all updates and fixes a client is licensed for."

And then you have in the right column work days to complete download manually?

A. Yes.

Q. And you can see for each of these clients 53 days, 12 days, 81, 115. All of those days would be required if you shifted to manual downloading. That's why you were using the automated downloading; right?

A. Yes. It was going to be much more time consuming in [485] this terms of labor to do it manually.

Q. And, in fact, it's a little bit more than that, wasn't it?

MR. ISAACSON: Plaintiffs' Exhibit 21, which has been preadmitted.

BY MR. ISAACSON:

Q. If we can look at -- on page 3.

This is Mr. Lester talking to Mr. Shay, your cofounder. Mr. Shay is saying to Mr. Lester in point 4. He says in the middle,

"Essentially, with 96 to 112 labor hours required for the bare minimum basics, it would seem physically impracticable, if time cost-prohibitive to use manual methods to download 'all available and properly licensed fixes and updates' that a licensed client is legally entitled to receive."

Internally you were saying this wasn't just expensive, it was physically impractical and was cost prohibitive?

A. Yes, and that's why we didn't get everything for our client because, using a manual process, there's just no way to get everything. It's far too time consuming and costly.

Q. All right. And you gave at 27, Plaintiffs' Exhibit 27 -- Plaintiffs' Exhibit 27 is the direction from you. At the bottom, you're writing to Mr. Chiu in [486] July 5th, 2007.

You say, "Please use our automation tools to complete the downloads as it is not feasible to complete the entire downloads without such tools and processes."

You said it wasn't feasible to do this manually and so you directed that these automation tools be applied against the Oracle websites; right?

A. Yes. And at the time, because of where we were, we hadn't yet developed the manual process.

MR. ISAACSON: I would move to strike the back half of his answer after yes, Your Honor.

THE COURT: The motion will be granted and the jury will be instructed to disregard the nonresponsive portion of the answer.

BY MR. ISAACSON:

Q. All right. And Mr. Chiu responded, "we'll get the ball rolling right away," and you went forward with the automated downloading?

A. Yes.

MR. ISAACSON: So, Your Honor, at this point, I've got some left, not a great deal. I would benefit by a break for the afternoon if that's fine so that I can just organize the remaining materials and move through it efficiently.

From: CN=Thomas Shay/O=rsi
To: CN=Seth Ravin/O=rsi@rsi
Sent: 02/03/2006 12:36:56 AM
Subject: Re: RSI Support Agreement for LC Growth
Priority: 2

So is this support deal something we want to advertise? Or wait for a bigger real customer? I assume TN knows exactly who LCG is.
Seth Ravin
From: Seth Ravin
Sent: 02/02/2006 04:33 PM
To: Thomas Shay
Subject: Re: RSI Support Agreement for LC Growth
His license fees for their new system + required first year maintenance will come in around $1OK.
S
****
Seth A. Ravin
President & CEO
Rimini Street, Inc.
+ 1 (925) 699-0369
sravin@riministreet.com
www.riministreet.com
Thomas Shay
From: Thomas Shay
Sent: 02/02/2006 04:31 PM
To: Seth Ravin
Subject: Re: RSI Support Agreement for LC Growth
Ok
What was the final purchase from Siebel?
Seth Ravin
From: Seth Ravin
Sent: 02/02/2006 04:29 PM
To: Thomas Shay

Subject: RSI Support Agreement for LC Growth
Leake and I got the Support Agreement executed last night.
He is still waiting to close the Siebel deal - because we ran smack into the closing day legal doesn't know yet how to present and close deals...
****

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[492] UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

BEFORE THE HONORABLE LARRY R. HICKS,
DISTRICT JUDGE

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation, Plaintiffs, vs. RIMINI STREET, INC., a Nevada corporation; and SETH RAVIN, an individual, Defendants.	No. 2:10-cv-0106-LRH-PAL

TRANSCRIPT OF JURY TRIAL - DAY 4

(Pages 492 through 740)

September 17, 2015 Las Vegas, Nevada

* * *

[541] to work with Oracle and had been turned aside in effect, and I think you've said something like that in your testimony?

A. Yes.

Q. All right. Now, in February 2009 --

MR. WEBB: I'm sorry, Your Honor, may we approach?

(Sidebar conference held as follows:)

MR. WEBB: There was a time when my client was subpoenaed to testify in connection with -- to be deposed in the SAP case. He refused, there was a subpoena, a motion to enforce the subpoena. He did ultimately appear for his deposition. I just want to make sure that's not where we're heading here.

MR. ISAACSON: I wasn't quite there yet, but, yes, I was going to get there.

And there's also the additional that his client agreed to accept a contempt finding in order to not answer questions that Oracle wants to ask -- wanted to ask.

They are arguing that they were offering to tell us what they were doing and that we are, you know, a bad company because we didn't come back and work with them.

And we subpoenaed him, asked him questions, he said no. He was ordered by a court to answer the questions, and he agreed to accept a contempt finding [542] rather than answer those questions immediately.

And so I think I'm allowed to say that given the position they're taking.

MR. WEBB: Being dragged into a case where he is not a party is not the same as offering to sit down and discuss his business within the context of letters.

MR. ISAACSON: I think it's very important if someone's willing to -- they're saying he's willing to say -- tell us what's going on, and what actually happened is he wouldn't do it under oath.

MR. WEBB: That's not at all what happened.

Judge, this is the same thing, he's trying to get to bring this SAP litigation into this case –

MR. ISAACSON: I'm not even going to mention the SAP litigation.

MR. WEBB: How --

THE COURT: Let me cut you off. I'm going to -- it's admissible in my view.

This directly concerns Seth Ravin and Oracle over issues that are comparable to what -- and included within what's involved here, and I think it's fair examination of an adverse witness, and I'll allow it.

And you can cross-examine in your cross-examination and provide the explanations that apparently are there. I don't know what the testimony will [543] be.

MR. WEBB: Okay. Thank you, Your Honor.

(Sidebar conference concluded.)

BY MR. ISAACSON:

Q. Mr. Ravin, in February 2009, there was a phone call between lawyers from Oracle and Rimini, and are you aware that Rimini lawyers told Oracle that you keep separate silos for every client and only did downloads for authorized work by clients?

A. I believe there was an affidavit filed by the lawyers about what took place on that call.

Q. Right. So there was a conversation between Oracle and Rimini, which Rimini represented, like you've represented to customers, that you keep separate silos for every client, and that you only do downloads for authorized work for clients, and you only do downloads relating to each client relative to their licensed products?

A. Yes, at the date of February 2009, yes.

Q. Now, after that, Oracle subpoenaed you to testify under oath; correct?

A. Yes, I was subpoenaed for a different case, yes.

Q. And you appeared for a deposition to testify under oath; correct?

A. Yes.

Q. And you declined to answer questions about what [544] Rimini Street was doing. You declined to do that under oath; correct?

A. Yes.

Q. And then a court ordered you to answer those questions; correct?

A. That is correct.

Q. And then you agreed to accept a finding that you were in contempt of court because you did not want to answer questions from Oracle about what Rimini Street was doing?

A. Well, again, I think it was a little more complicated than that.

Q. Well, let's find out if it was.

Am I not being precisely correct that after you -- after the court ordered you to answer those

questions, you agreed to be found in contempt of court rather than answering those questions?

A. It was a negotiation between us, Oracle, and the judge, yes.

Q. Right. And in that negotiation you agreed to be found in contempt of court?

A. Yes, in order for us to be able to file an appeal. That's how the process worked in the courts.

Q. And ultimately you did appear for deposition, and then Oracle filed this lawsuit. That's what happened [545] chronologically; correct?

A. Yes, actually over a period of time, yes.

Q. All right. One last topic.

The -- now, part of your business model is separating Oracle from its licensees and denying Oracle ongoing revenue; correct?

A. Fancy way of saying we compete, yes.

MR. ISAACSON: All right. Well, let me ask about the fancy way. Plaintiffs' Exhibit 3, I move to admit.

THE WITNESS: Yes, I'm there.

MR. WEBB: No objection, Your Honor.

THE COURT: It's admitted.

(Plaintiffs' Exhibit 3 received into evidence.)

BY MR. ISAACSON:

Q. Plaintiffs' Exhibit 3 is a document you sent to an investor with a hope that they would invest in your company in 2006, is that fair?

A. Yes.

Q. All right. And you say down in the strategic section where you're talking about your company,

"For investors who are direct competitors of Oracle, or who otherwise benefit from Oracle customer loss, Rimini separates Oracle from its acquired licensees denying

Brian Slepko /rsi
11/25/2008 11 :50 AM

To Dennis Chiu/rsi@rsi
cc
bcc
Subject Fw: Customer Communication SECOND NOTICE - XO Communications

FYI.

Brian J. Slepko
SVP, Global Operations
Rimini Street, Inc.
925-484-9010 (office)
925-699-7808 (cell)
925-369-7172 (fax)
bslepko@riministreet.com
www.riministreet.com
----- Forwarded by Brian Slepko/rsi on 11/25/2008 11:50 AM -----

Seth Ravin/rsi
11/25/2008 11 :30 AM

To Brian Slepko/rsi@RSI
cc
Subject Re: Customer Communication SECOND NOTICE - XO Communications

Got it...

****

Seth A. Ravin
President & CEO
Rimini Street, Inc.
+1 925.699.0369
sravin@riministreet.com

www.riministreet.com
Brian Slepko
---- Original Message ----
From: Brian Slepko
Sent: 11/25/2008 11:29 AM PST
To: Seth Ravin .
Subject: Re; Customer Communication SECOND NOTICE - XO Communications
But I'm not convinced that Oracle will let the process even from the XO site as I don't think it's a specific issue with us. Working on solutions...

Brian

Brian J. Slepko
SVP, Global Operations |
Rimini Street, Inc.
925-484-9010 (office)
925-699-7808 (cell)
925-369-7172 (fax)
bslepko@riministreet.com
www.riministreet.com
Seth Ravin/rsi

Seth Ravin/rsi
11/25/2008 11 :27 AM To Brian Slepko/rsi@RSI
cc
Subject Re: Customer Com
munication SEC-
OND NOTICE - XO
Communications

Thanks. We certainly can set up for them to finish from their site with our guidance if Oracle tries to push it that far...

S

****

Seth A. Ravin
President & CEO
Rimini Street, Inc.
+1 925.699.0369
sravin@riministreet.com
www.riministreet.com

Brian Slepko

----- Original Message -----
From: Brian Slepko
Sent: 11/25/2008 11:25 AM PST
To: Seth Ravin
Subject: Fw: Customer Communication SEC OND NOTICE - XO Communications

FYI. This just went out.

Suresh is pulling in his management and Den, Suresh, his management and me will get on the phone with Oracle to discuss approach. We have to have this meeting today or tomorrow.

No one from XO s making any noises about backing out of the contract but we do know that they will be very "uncomfortable" should we not get this done before their December 9 expiration date.

Will keep you posted on progress.
Brian

Brian J. Slepko
SVP, Global Operations
Rimini Street, Inc.
925-484-9010 (office)
925-699-7808 (cell)
925-369-7172 (fax)
bslepko@riministreet.com
www.riministreet.com

----- Forwarded by Brian Slepko/rsi on 11/25/2008 11 :21 AM -----

Dennis Chiu /rsi
11/25/2008 11:18AM

To john.marandola@oracle.com
cc "Kumar, Ramana" <ramana.kumar@xo.com>, suresh.k.kamala@xo.com, Brian Slepko/rsi@RSI
Subject Fw: Customer Communication SECOND NOTICE - XO Communications

John,

Thanks for your time in discussing the need for our mutual client, XO Communications.

We are helping XO obtain all of the software and content that they are entitled to under their current support maintenance agreement. As a current Oracle (Siebel) customer, they require a complete library of all their entitled software for their current and future releases of Siebel. This has been requested in a separate service request and pending fulfillment (SR 3-823480151). In addition, they also require

their application license keys for their entitled software releases, which was also handled in another service request (SR 3-823170871). XO also requires the content they're entitled to from the knowledgebase portion of Metalink3. The online portion includes content that is not available in media format, and only available for download. This includes FAQs, Alerts, Tech Notes, online documentation, and searchable SRs from the knowledgebase portion of Metalink3. They also need the available patches that are available in the Patches and Downloads portion of Metalink3 for their current and future releases. Oracle currently has no fulfillment mechanism to provide all of the online pieces of the client's entitled content, which is why we've had to employ our methodology to assist them with the download mechanism for their entitled content. While Oracle clients can access all of the content under their current maintenance agreement, aside from manually downloading every distinct knowledge item, or patch, there isn't a simplified method to obtain all of their entitled content. As part of the services that XO Communications has contracted with Rimini Street, we are helping them obtain all of their content.

Because we are trying to complete all of the archive items for XO Communications ahead of a strict deadline within their support maintenance window, a manual methodology is not feasible. I understand our current methodology creates issues with CPU utilization on Oracle's servers, and as such, you've had to block any access from our IP addresses, which prevents us from fulfilling our obligation to XO Communications. And any further efforts will result

in further restriction of access from our IP addresses. That explains the question I raised in SR 3-823170871, requesting explanation of the blocked IP on Friday, Nov, 21, 2008, but the responses from the support agents was contradictory to the behavior we observed. I've copied the responses to SR: 3-823170871 below:

Therefore, we would appreciate your help to provide a solution with Oracle related to downloads not only for XO, but for our other client projects, as well. The intent is not to create undue burden on your servers, but to provide Oracle customers with a simpler mechanism to obtain all of the online content they are entitled to for their licensed products. Ideally, Oracle customers would welcome the option to have the content fulfilled upon request in a single fulfillment process.

Rimini Street provides support services for Oracle licensees, and requires Metalink3 access. Our access has been approved by each of our clients, granting access to Metalink3 as their authorized agents. I'd appreciate it if you could direct me to the appropriate contact who could provide us with the process which will allow us to complete the process of obtaining the entitled content for our mutual clients, without impacting performance on your servers, and are happy to work in parallel with your folks on a mutually agreeable method.

In any case, we do need Oracle to work with us to enable Oracle clients to take possession of the content they have the right to and use going forward. If Oracle customers can simply request fulfillment of

all that online content, and ensure that it's fulfilled, just like their software installation media, we wouldn't need to perform that task for them at all. We're under a very tight timeline for XO Communications, so I'd also like to suggest we get on a conference call with the client contact at XO to help provide any additional context ahead of their deadlines.

Thank you.
Dennis Chiu

"Mohamed Gommaa "
<mohamed.gommaa@oracle.com>
11 /25/2008 02:53 AM

To
<DChiu@riministreet.com>
cc
Subject RE: Update to SR #3-825501623: Cannot access ML3 - Page Times Out

Hi Dennis,

Regarding the IP blocking, I think that we couldn't block any IP to connect to our portals. I think that this is a security issue at your organization. From my side I can confirm that you can access the portal without problem from the running machines.

Best regards,
Mohamed
ORACLE

Mohamed Gommaa | Technical Support Engineer
Phone: +20235350228 | Mobile: +20 126356547
Oracle Oracle Global Customer Support - HUB
global_customer_support_w
w@oracle .com
11/24/2008 04:03 AM To <DChiu@riministreet.com>
cc
Subject Update to SR #3-825501623: Cannot access ML3 - Page Times Out

Dear Dennis,

You can clear your browser's cash and cookies in order to solve this problem. Also you can reset the browser's settings. Try to switch between browsers in order to solve this problem.

- For Internet Explorer browsers.
- Go to "Tools" -> " Internet Options."
- Under "General" tab in " Temporary Internet files" box.
- Click "Delete Cookies. .. " -> "OK".
- Click Delete Files. .. " -> select " Delete all offline content" -> "OK"
- Close all open IE browser windows.

- For Firefox browsers

  Go to "Tools" -> " Options"

  Go to "Privacy" tab .

  Under "Cookies" tab -> "Clear Cookies Now".

  Under "Cache" tab -> "Clear Cache now" -> "OK".

  Close all open Firefox windows.

For the latest version of Firefox

Open any fire fox page then press Ctrl+Shift+ Del then check all the boxes and last click on "clear all private data"

- For Netscape browsers

  Go to "Edit " -> "Preferences".

  Expand "Privacy & Security".

  Click "Cookies" -> "Cookie Manager " -> "Remove All Cookies" -> "OK" -> "Close".

  Expand "Advanced"

  Click "Cache" -> "Clear Cache" -> " OK".

  Close all open Netscape windows.

The supported browser versions are Netscape: Version 7.0 or higher or Internet Explorer: Version 5.5 or higher.

Please let me know that everything is OK.

Best regards,
Mohamed Gommaa
Mohamed.gommaa@oracle.com
Oracle Hub team-EMEA

John Whittenbarger/rsi

"Karnala, Suresh K" <suresh.k.karnala@xo.com>

From: John Marandola
[mailto:john.marandola@oracle.com]
Sent: Tuesday, November 25, 2008 6:20 AM
To: # SUP - LINX EM
Subject: FW: Customer Communication SECOND NOTICE - XO Communications

SECOND NOTICE:
The activity identified in the note below has not been corrected. Oracle is now seeing this activity from address 71.5.6.24. As indicated earlier, the activity is affecting Oracle's networks; if corrective actions are not taken promptly, Oracle may need to block the IP address or addresses from its network.

Please contact me at your earliest convenience at the EMAIL ADDRESS /PHONE NUMBER below to discuss resolution of this issue.

Thank you.

FIRST NOTICE:
Oracle USA, Inc. has detected improper activity on its web site. The details of that activity are included below. Our logs indicate that this activity originated from the IP Address 71.5.6.20. This activity is affecting the Oracle web sites and must be addressed.

Please review the information below and take immediate corrective action. If you believe that this message has been sent in error, or would like to review the situation with us, please contact me as soon as possible at the EMAIL ADDRESS / PHONE NUMBER below. Please note that, given the activity

and its effect on Oracle's networks, Oracle has been forced to block this IP address from its networks.
Source IP Address: 71.5.6.20
Destination Oracle IP Address: 141.145.54.12
User ID: linxem@xo .com

Failed: /u02/webapps/sureap/ivwork/ log/orion/LINXEM@XO.COM173_1227044829603 orion 5.1.DocumentData -E" EMAIL=LINXEM@XO .COM". -E "APPLICATION=METALINK" – E"ROLES=,Orion Customer, , , " -E"GUID=" - Daemon signalled an Error for (/u02/webapps/sureap/ ivwork/log/orion/LINXEM@XO COM173_1227044829603 orion 5.1. Document Data - E" EMAIL=LINXEM@XO.COM"-E" APPLICATION=METALINK" -E"ROLES=, Orion Customer, , ," -E"GUID=")

Thank you,

ORACLE
John Marandola | Manager, Vulnerability and Threat Management | VOIP: +1 650 607 7211 |Office: +1 203 703 4475
Oracle Risk Management
900 Long Ridge Road | Stamford, CT 06902
Oracle is committed to developing practices and products that help protect the environment

[741] UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

BEFORE THE HONORABLE LARRY R. HICKS,
DISTRICT JUDGE

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation, Plaintiffs, vs. RIMINI STREET, INC., a Nevada corporation; and SETH RAVIN, an individual, Defendants.	No. 2:10-cv-0106-LRH-PAL

TRANSCRIPT OF JURY TRIAL - DAY 5

(Pages 741 through 889)

September 18, 2015

Las Vegas, Nevada

* * *

[758] can. We spend time after you leave in the afternoon and time in the morning before you're

supposed to start, and yet we still -- particularly in the early stages of a complex trial such as this one, things can take a little longer than anticipated.

But I can assure you that everyone's working while you're waiting, and we're working as fast as we can so that you're not delayed.

All of that stated, we're ready to go.

The record will show the jury is present. Counsel and parties are present.

And, Mr. Webb, you may go forward, please.

MR. WEBB: Thank you, your Honor.

SETH RAVIN

recalled as a witness on behalf of the Plaintiffs, having been previously sworn, was examined and testified as follows:

CROSS EXAMINATION RESUMED

BY MR. WEBB:

Q. Good morning, Mr. Ravin.

A. Good morning.

Q. Welcome back.

Prior to 2012, did Rimini Street have copies of Siebel software on its servers?

A. Yes.

[759] Q. And what were those copies used for?

A. Well, they're designed to -- according to the contracts, to, again, help us provide support to Siebel customers.

Q. Were they used for tax and regulatory updates?

A. No.

Q. So those Siebel copies that you had were not used for that part of the business where you see a change in the law and you modify the code?

A. No, because it's CRM software, so it's not a tax and regulatory product.

Q. Okay. So, again, what does CRM mean?

A. Client relationship management or customer relationship management.

Q. So remind the jury again why you wouldn't need tax and regulatory updates for that type of a product?

A. Well, that's primarily storing data about customers and prospects, so it doesn't -- there's nothing you're calculating. It's not like a paycheck.

Q. So when you're talking about the paycheck piece, the HR, we're talking about what product?

A. That would be payroll; payroll product.

Q. And would that be a PeopleSoft product?

A. Yes. Of these product lines, it would be PeopleSoft, yes.

[760] Q. Okay. Now, I want to turn the page and talk about JDE, JD Edwards. Again, remind the jury what that software product does.

A. Well, JD Edwards software was another brand of -- and they had payroll and human resources, just like the PeopleSoft side, and financials, manufacturing, all those same types of products.

Q. So prior to 2012, did Rimini Street have copies of JD Edwards software on its servers?

A. Yes.

Q. You're not denying that.

A. No.

Q. And what were those copies used for?

A. Those copies were, again, used for diagnostics and support.

Q. Were they used for archiving?

A. Were they used for --

Q. Archiving?

A. You mean in terms of creating archives? Yes, they would have been.

Q. Were they -- were they -- in terms of the copies of JD Edwards, were they on your servers or were they on the client servers?

A. Well, I -- we had some copies on our system.

Q. Now, when you're actually using the JD Edwards

* * *

[799] environments which are the customer and the local environments which are at Rimini.

Now, from 2006 to 2011, I believe it's your testimony that you had remote environments; correct?

A. Yes.

Q. You had general testing and development environments at Rimini?

A. Yes.

Q. And you created updates for one client and gave it to other clients you believed had the same license, and you did that from environments at Rimini?

A. Yes.

Q. And, specifically, one customer software environment at Rimini was used to development a fix or update that was ultimately delivered to a different customer; correct?

A. Yes.

Q. Now, in fact, when you had remote environments and environments at Rimini providing updates, your remote clients are not supported in a completely remote manner. You create updates centrally at Rimini, and then you deliver them to the remote environments; correct?

A. Yes.

Q. Now, about these remote environments. Would you look at PTX 495.

PTX 495 is dated April 11th, 2007. It's between [800] Ms. Lester and Mr. Davichick. So this is one of your executives talking to your head of sales; right?

A. Yes, that's true.

Q. All right. And if we go to page 2 -- all right. Well, let's actually start at page 3 so we understand the full context.

Beth Lester writes at the top,

"While it's still unclear to me where Moraine got the idea that remote development is one of our service options, I understand the need to make this

work and am committed to guiding the team through successful deliveries in this manner."

Then on the next page you reply to Beth Lester, right?

A. I'm sorry. Can you highlight the area?

Q. On page 2, you reply to Beth Lester?

A. Yes.

Q. Okay. And now, at this point, I think it was your testimony to your counsel that this -- whether you were going to go remote or on the Rimini environment, that was a client option, and you might urge them a little bit, but it was ultimately a client option.

Is that a summary of your testimony?

A. Yes.

Q. Okay. Now, what you wrote here to Beth Lester is [801] that -- at the top,

"The remote dev/test system option is neither ideal, pushed as preference, or to be promoted as a 'whatever you want to do' option to clients."

Okay?

You are instructing Beth Lester, and then your head of sales, that you are not to promote remote environments as a "whatever you want to do" option to clients; correct?

A. That's what it says, yes.

Q. Okay. And moving down to where it says, "This remote deal is NOT," in all capital letters?

Now, this is talking about this customer, Moraine, who is indicating an interest in remote, you say,

"This remote deal is NOT," all capital letters, "intended to be any kind of strategic change of model, but is a one-off project that we will try to minimize as a last resort for other client opportunities."

That was your business model, remote environments were a last resort, and that was the instruction to the sales team, correct?

A. Yes, that's what I wrote.

Q. Okay. And in terms of how you were going to go about doing this, let's move down to the next paragraph. In the middle, "Rich, Mike, and I."

[802] So Mike is Mike Davichick. Who is Rich? Who is Rich in this --

A. Oh, I'm sorry.

Q. "Rich, Mike and I." So that's Mike Davichick, you and --

A. Rich Hughes, which was a sales rep.

Q. So the three of you,

"Will look to convince them," Moraine, "that their license does not have these location restrictions and ultimately (hopefully) prevail on them for a change to our preferred model."

So you were telling customers, in order to convince them to bring their -- to bring the Oracle software onto the Rimini system, that there was no location restriction in the license; correct?

A. Related to Moraine Park, yes.

Q. Okay. The -- well, let's talk about that.

Well, actually, one thing before we do that.

Now, you have said -- you said yesterday, and you just said to me now, that you have -- that you take updates that you -- that you create at Rimini, and then you use those updates for other clients.

And that's what you said yesterday, is we reused those fixes and updates all the time. That was your testimony yesterday; right?

[803] A. I don't remember what I said all the time, but it was fairly frequent, yes.

Q. Okay. Well, the transcript says that your counsel asked this question.

"Taking an update that you created, your engineers created, and then using that update for other clients with the same version of contract or license, do you deny that you have done all that?

"No. We reused it all the time, yes."

You reused it all the time, right, the fixes and updates?

A. As needed and appropriate, yes.

Q. Now, sir, that is the first time that you have admitted that under oath, isn't it? You have previously denied that under oath.

A. No.

Q. Okay. At your deposition in 2010, do you recall that you denied that there was any use of software environments to develop a fix or update that was ultimately delivered to a different customer?

A. And I said no.

Q. That's right. Now, so in 2010, under oath, you were asked,

"Has it ever occurred that one customer's software environment has been used to develop a fix or [804] update that was ultimately delivered to a different customer?"

And, as you said, you said no.

Now, you're saying it happened all the time; right?

A. No.

Q. Okay. You just told me a few moments ago that you used one customer's software environment to develop a fix or update that was ultimately delivered to a different customer. You said that two minutes ago.

A. Right. We're talking about, again, the difference between the vanilla environments and custom environments.

MR. ISAACSON: All right. I'd like to play the deposition testimony so that the jury can see it, Your Honor. It's at the July 21st, 2010, deposition at 303, beginning at line 9.

THE COURT: You may do so.

(Videotape deposition of Seth Ravin played PAGE 303:09 TO 303:17 RUNNING 00:00:28.961)

"MR. HOWARD: Q. Does Rimini Street ever use software that was originally obtained from one customer to assist in supporting a different customer?

"A. No.

"Q. Has it ever occurred that one

[805] customer's software environment has been used to develop a fix or update that was ultimately delivered to a different customer?

(PAGE 303:19 TO 303:19 RUNNING 00:00:01.054)

"THE WITNESS: No."

BY MR. ISAACSON:

Q. All right. You didn't say it happened with customized environments and not vanilla environments or vice versa. You were asked, has it ever occurred, and under oath you said no.

And beginning yesterday, you said it happened all the time. That's what's going on here. Isn't it?

A. No.

Q. Now, two days ago, Wednesday, I asked you the question,

"At Rimini Street, were you using the environments of Client A to create fixes that you then distributed to Client B and C?"

And I asked Judge Hicks to instruct you to answer that question, and he asked me to repeat the question, and I did.

And in response to the question, "So at Rimini Street, you were using the environments of Client A to create fixes that you then distributed to Client B and C," you said no, the same thing you said in your deposition in [806] 2010.

Thursday, yesterday, in response to questions from your client, is the first time that you have disclosed and admitted that you were using fixes and

updates and creating them at Rimini and using them for other clients; right?

A. No. Again, if I'm permitted to answer in a wider way?

Q. I'll let your counsel do that with you.

Now, your counsel showed you a number of awards that your company has won and used that in opening statement, I believe.

Do you remember seeing that?

A. Actually, I don't remember the slide.

Q. The -- then let me move on to the license agreement. 3726. I spent some time on this with your counsel.

You and your counsel talked about this as the Brazoria license; right?

A. Yes, this looks to be -- yes, it looks to be.

Q. Right. It's the exact document that your counsel -- that you were testifying about with your counsel. You said this is the Brazoria agreement?

A. Yes.

Q. All right. So page 3, 14.2, I just want to point you to some language here. This has been shown in opening

* * *

[811] A. Yes, often.

Q. Okay. And if you look at 3726 in your book, it doesn't have the schedules, does it?

A. Not that I see in this document.

Q. Okay. This is -- 3726 is not a complete and correct copy of the contract, is it?

A. Yes. I don't know whether there's amendments, schedules, et cetera.

Q. Well, let's -- let's go find that schedule at Plaintiffs' Exhibit 23 which is in your book. We looked at this together before.

Plaintiffs' Exhibit 23 is where Brazoria County sent you their contract; correct?

A. Yes, appears to be.

Q. All right. And if we go to page 8 of 15, just at the top, you'll see here's the schedule. Right? Do you see that?

And then if we go to page schedule -- there's a couple pages, then we go to page 10 of 15, there's item 4, Designated Initial Software Support Sites.

That is -- when it says in the contract at the site in schedule 1, this is the site; right?

A. Yes, it appears to be.

Q. And the site is -- it says the Support Site, Associated Countries/Regions, Brazoria County, Texas; [812] correct?

A. Yes, that's what it says.

Q. Now, your testimony yesterday was that the interpretation of facility, the interpretation of this site restriction, based on your state of mind, based on your years of experience, that you always extended facilities to include beyond the customer's physical facilities to anyone who was doing service, and that you never contested that under your watch.

That was your testimony; right?

A. That's correct.

Q. So when the contract said -- let's go back to paragraph 1 of the --

MR. ISAACSON: And you can pick that up in this agreement, Matt, at page 4 of 15, section 1.1.

BY MR. ISAACSON:

Q. When it says, "On the servers located at the sites specified in the schedules," your state of mind in 2007, 2006, 2005, that that meant you could use the software outside of Texas, outside of Brazoria County, you could use it anywhere; right?

A. For our test and development systems, yes.

Q. All right. It says that the site is Brazoria County, Texas.

I mean, how hard is this? You're telling the [813] jury that you had a good faith belief standing in the shoes of the licensee that you were complying with the license agreement, and it said use this only in Brazoria County, Texas, and based on your years of experience and your state of mind, you said I can go anywhere with this?

A. Yes.

Q. And it didn't matter what the site restriction said, it didn't matter what state, what county, you would use it anywhere.

So if it said Georgia, you would use it in California. If it had said Texas, would you use it in California. It didn't matter, did it?

A. Actually, the answer is no.

Q. Okay. Well, in this case. With this Brazoria County contract that we're talking about, it said

Texas, and you thought it was okay to use it in California; correct?

A. Yes.

Q. Okay. Because that's where -- that's where you were remotely hosting this software -- not -- locally hosting this software?

A. Yes.

Q. Now, yesterday we looked -- not yesterday, but previously I had looked at PTX 30 with you, which is again in your binder, and we talked about this before. I'm just [814] giving this to you again so you have some context.

It's dated November 17th, 2007, and this was the document where you're talking about -- with one of the customers about the Pittsburgh -- the Pittsburgh public schools, about how TomorrowNow had decided, after being sued by Oracle, to no longer host copies of the client's test environments used by TomorrowNow to diagnose issues and build tax updates, and how you thought that decision was ridiculous, and you were going to continue to offer those environments on the Rimini system.

Do you remember that?

A. Yes.

MR. WEBB: I'm sorry, Your Honor, I don't mean to interrupt, Bill. Could we approach just for one second, Your Honor?

THE COURT: Actually, it's probably a good time to take our morning break. I will allow it. We'll discuss it as soon as the jury is excused.

Ladies and gentlemen, we'll take a fairly brief morning break. We will be breaking today at 11:30, or perhaps shortly before.

Same admonitions apply, and we'll be back in court just as soon as you're ready.

COURTROOM ADMINISTRATOR: Please rise.

(Jurors exit courtroom at 9:46 a.m.)

* * *

[819] information that you had now about copyright violations that -- what would you have done, and you said I would have gone all remote. Do you remember that?

A. Yes.

Q. It's a fact, isn't it, that in 2007 you knew that your former company, TomorrowNow, after having been accused of copyright infringement by Oracle, after -- the -- having their parent company admit wrongdoing and demoting the CEO, and after that company, TomorrowNow, shut down those local systems, that you said "that's ridiculous, we're not doing that."

A. Yes, that's what I said.

Q. Okay. You were never going to move away from your business model, were you?

You had information about copyright violations being alleged, you had information about what TomorrowNow was doing, but you still were moving forward; correct?

A. Yes, we did not change our business model.

Q. Okay. The other thing you did after this was, sometime in the next year, you started to edit your

biography online with Rimini Street and that you would give the customer, to remove your prior work experience with TomorrowNow, correct?

A. I don't remember that exactly. I think it did have it on there.

* * *

[823] A. Don't remember, sorry.

Q. Okay. Now, you said to your counsel yesterday -- he asked you this question.

"Certainly at one point Oracle said no more automated tools.

"ANSWER: Yes. They changed their terms of use for the website.

"How did you react to that?

"ANSWER: I was pretty surprised at the change for a number of reasons."

Do you remember that testimony?

A. Yes.

Q. Now, at your deposition, you were asked if you recalled reading Oracle's terms of use. Do you recall testifying that you didn't read that part, and, in fact, that you interpreted it as not prohibiting automated downloading?

A. I'm sorry. Could you rephrase for me?

Q. Do you recall saying at your deposition that you didn't read that part of the terms of use, and, in fact, you interpreted the changes as not precluding automatic downloading?

A. I'm sorry. I don't recollect.

MR. ISAACSON: Your Honor, I would like permission to show him his deposition from 11/17/11 [824] beginning at page 297, beginning at line 18.

THE COURT: You may do so.

COURTROOM ADMINISTRATOR: 11/17/11?

(Discussion held off the record.)

MR. ISAACSON: Yes. He tells me I'm reading the incorrect cite, but he's got the correct video.

THE COURT: Do we have the correct cite number? (Videotape deposition of Seth Ravin played PAGE 428:18 TO 429:06 RUNNING 00:00:37.296.)

"Q. And you, as we saw earlier, used LC Growth's login credential to download materials from the Oracle website?

"A. Well, again, from -- again, from the contract perspective we were authorized by the client, LC Growth. They had access and rights to the website because they had paid for support. And so we believe they acted fully within their license rights.

"Q. You would agree with me that LC Growth had no use for those materials because it had not, itself, implemented the software, right?

"A. Well, I won't say what LC Growth would or wouldn't have use for.")

BY MR. ISAACSON:

Q. Yesterday you told your counsel that you did see [825] that language, you did understand it as precluding automatic downloading, and you were surprised by that at the time and dismayed.

In your deposition under oath, you said that you didn't read it that way, and you didn't believe

automated downloading was precluded by that change.

Isn't that what's happened here?

A. Well, I did read and I did see that the -- that the words were in there, and per my deposition testimony, I did not change the way that we were doing downloading.

Q. But yesterday you told your counsel you knew that the changes prohibited automated downloading and that you were dismayed by that at the time.

And, in your deposition, you said, "I didn't interpret it that way." Correct?

A. Yes, that's correct.

MR. ISAACSON: All right. I have no further questions.

THE COURT: Recross-examination examination, Mr. Webb?

MR. WEBB: I just have a few minutes, Your Honor.

RECROSS-EXAMINATION

BY MR. WEBB:

Q. Mr. Ravin, earlier in Mr. Isaacson's [826] cross-examination, he referenced some deposition testimony about you saying that you didn't use one client's software for another client, something to that effect. Do you remember that?

A. Yes.

Q. And then he referenced my question to you yesterday, which I was able to pull up real quickly, and let me read you what I said.

I said, "What about this. Taking an update that you created, your engineers created, and then using that update for other clients with the same version of contract or license, do you deny that you all have done that?"

Your answer, "No, we reused it all the time, yes."

Do you remember that?

A. Yes.

Q. How can you square what you said in your deposition with what you said just yesterday in this court?

A. Well, exactly. I mean, I wasn't asked for the detail. No one asked me, just simply said did you do this, and the answer was no.

Because that was the base software. That was the vanilla code, not the individual, customized components relative to when we did development for customizations.

We did not give customers access to code that

[1083] UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

BEFORE THE HONORABLE LARRY R. HICKS,
DISTRICT JUDGE

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation, Plaintiffs, vs. RIMINI STREET, INC., a Nevada corporation; and SETH RAVIN, an individual, Defendants.	No. 2:10-cv-0106-LRH-PAL

TRANSCRIPT OF JURY TRIAL - DAY 7

(Pages 1083 through 1353)

September 22, 2015

Las Vegas, Nevada

* * *

[1154] of Oracle software and support materials in total.

Q. Can you give the jury a sense for how much information that really means?

A. Yeah, that's always hard. You have to remember about a week ago Dr. Davis talked about how hard it is to kind of quantify in real-world terms how much a lot of digital information is.

In this particular case, the volume of digital data is approximately a couple times the size of the printed material, so all of the books in the Library of Congress, for example, which is millions and millions of books. It's a lot of data.

Q. We've talked about whether Rimini stored information in client-specific or nonclient-specific locations. Can you explain what it means to store something in a client-specific location as far as your analysis goes?

A. Yeah. So, if you look on the screen here, this is an example of some of the KDP data, and we rendered it here in a Windows Explorer interface so it's a little bit -- maybe a little bit more familiar.

But what you can see here is what Rimini Street calls -- an example of what Rimini Street calls a customer silo. So if you look towards the top, depending on your screens, it may be easier or harder to read, but

* * *

[1160] right? So you can't download a disk the same way you can't fax a piece of fish; right? You can only download the bits.

So it's not media in the first place. So in this particular case it's also not installation software, it's patches which are designed to modify software that has already been installed.

Q. The fourth item is Customer Connection. Can you explain what Rimini did there?

A. So Customer Connection was at one point Oracle's prime customer service website for PeopleSoft software, and Rimini Street downloaded a large number of software patches and pieces of documentation from Customer Connection and stored them in a noncustomer-specific way.

Q. The fifth category is Siebel SupportWeb.

Are you aware that Mr. Ravin testified earlier that Rimini was using the Leads Customer Growth password to access the Siebel support website and download all the support materials and hand them to multiple customers?

A. Yes, I am.

Q. Is that the same conclusion you reached after your own analysis?

A. Yes, we also concluded that.

Q. How many customers received copies of the Siebel SupportWeb extract?

[1161] A. So, in total, it was 18 that we saw evidence of. Albridge Solutions, AMICA Mutual Insurance Company, Brandes Investment Partners, Caterpillar, Doble Engineering Company, DST Health Solution Services, Electric Insurance Company, FileNet Corporation, or IBM, Galileo International, Industrial Scientific Corporation, Medical Protective, PepsiCo Shared Financial Services, Sam Houston Electricity Cooperative, Ubid Holdings, also known as Enable Holdings, USI - EDF Energy, Ventyx, Virginia Mobile USA, and Wenger Manufacturing.

Q. So we discussed those five categories of information that Rimini obtained in a nonclient-specific manner, and with regard to those five categories -- if you could put the slide back up, that would be helpful.

With regard to those five categories, was this information still on Rimini Street's systems at the time you got the list of files that were still there?

A. No. In -- for every one of these categories, Rimini Street had downloaded a significant amount of material from Oracle, stored it in a noncustomer-specific way, or used it in a noncustomer-specific way.

But then those materials -- at least for each of these categories, at least some of those materials were missing from Rimini's systems at the time the KDP data were generated in April of 2011.

Copyright Infringement - Direct Infringement

To prevail on its claim for direct copyright infringement as to the J.D. Edwards and Siebel software applications and related documentation and PeopleSoft documentation, Oracle International Corporation must prove the following by a preponderance of the evidence:

1. Oracle International Corporation is the owner or exclusive licensee of a valid copyright in an original work;

2. Rimini Street copied original elements from, created derivative works from, or distributed the original work; and

3. Rimini Street did not have permission to copy the original elements of the copyrighted work.

The parties have agreed that Oracle International Corporation owns or is the exclusive licensee of certain registered copyrighted works related to the J.D. Edwards and Siebel software applications and related documentation and PeopleSoft documentation at issue in this action, which means that Oracle International Corporation has proven the first element for these registered works.

The parties have also agreed, as stated in your juror notebook, that defendant Rimini Street copied the J.D. Edwards and Siebel software applications and related documentation as well as the PeopleSoft documentation at issue in this action. This means that Oracle International Corporation has also

proven the second element for these copyrighted works.

I inform you that Oracle International Corporation's claim for direct copyright infringement related to the PeopleSoft documentation is separate from, and not to be confused with, the PeopleSoft copyrighted software application which the court has previously ruled was infringed by Rimini Street as a matter of law.

It is up to you to determine whether defendant Rimini Street had an express license to copy these copyrighted works of J.D. Edwards and Siebel software applications and related documentation and PeopleSoft documentation . I will explain this issue in more detail in another instruction.

If you find that Rimini Street had an express license to make the copies that it did of J.D. Edwards and Siebel software applications and related documentation and PeopleSoft documentation, then you must find in favor of Rimini Street and against Oracle International Corporation on Oracle International Corporation's claim for direct copyright infringement. If, however, you find that Rimini Street did not have an express license to make the copies that it did of J.D. Edwards and Siebel software applications and related documentation and PeopleSoft documentation, you must find in favor of Oracle International Corporation and against Rimini Street on Oracle International Corporation's claim of direct copyright infringement.

JURY INSTRUCTION NO. 23

* * *

Copyright Infringement - Express License

Defendant Rimini Street asserts an express license defense to Oracle International Corporation's claim of direct copyright infringement.

Where a defendant asserts an express license defense to copyright infringement, the defendant has the initial burden to identify any license provision or provisions that it believes excuses the infringement. If a defendant satisfies this burden, then it becomes the plaintiff's burden to prove by a preponderance of the evidence that defendant's copying or other infringement was not authorized by the license provision or provisions.

In this action, Oracle enters into written software license agreements with its customers that allow the customers to use Oracle International Corporation's copyrighted software and have access to support materials for that software. It is undisputed that defendant Rimini Street did not have its own license with Oracle relevant to any of the issues that you are to decide. Instead, defendant Rimini Street asserts that its own client's software license agreements with Oracle authorized any copying Rimini Street engaged in as it relates to Oracle International Corporation's J.D. Edwards and Siebel software applications and related documentation and PeopleSoft documentation at issue in this action. Under the law defendant Rimini Street is permitted to assert those software license agreements as a defense.

It is up to you to determine whether defendant Rimini Street's copying of Oracle International Corporation's J.D. Edwards and Siebel software applications and related documentation and

PeopleSoft documentation was authorized by its client's software license agreements with Oracle. To help you in your deliberations, the court has previously interpreted the relevant licenses as a matter of law.

J.D. Edwards Software License Agreements

As to the J.D. Edwards software license agreements you are informed that the court has previously ruled as a matter of law that the J.D. Edwards software license agreements authorized a third party like Rimini Street - who was engaged by a licensee to provide support or other services - to copy the J.D. Edwards software application and related documentation onto its computer systems to the extent necessary for the customer's archival needs and to support the customer's use. An archival copy of the software application and documentation is an unmodified copy of the original software application and documentation for use in the event that production copy of the software - the copy used on a customer's systems - is corrupted or lost. This provision does not mean that a third party like Rimini Street is authorized to make copies of the J.D. Edwards software application and documentation to, among other things, access the software's source code to carry out development and testing of software updates, to make modifications to the software, or to use the customer's software or support materials to support other customers.

If you find that the copies of the J.D. Edwards software application and documentation housed on Rimini Street's servers were used solely for the customer's archival needs and to support the customer's use, then that use is authorized by the J.D. Edwards software license agreement and you

should find in favor of defendant Rimini Street and against Oracle International Corporation on Oracle International Corporation's claim for direct copyright infringement as it relates to the J.D. Edwards copyrighted works.

If, on the other hand, you find that the copies of the J.D. Edwards software application and documentation housed on Rimini Street's servers were used for purposes other than the customer's archival needs or to support the customer's use, then that use is outside the scope of the J.D. Edwards software license agreement and you should find in favor of Oracle International Corporation and against defendant Rimini Street on Oracle International Corporation's claim for direct copyright infringement as it relates to the J.D. Edwards copyrighted works.

Siebel Software License Agreements

As to the Siebel software license agreements you are informed that the court has ruled as a matter of law that the Siebel software license agreements authorized a third party like Rimini Street to make a reasonable number of copies of the Siebel software application and related documentation onto the third party's own computer systems solely for the customer's archive or emergency back-up purposes or disaster recovery and related testing. As stated previously, an archival copy of the software and documentation is an unmodified copy of the original software and documentation for use in the event that production copy of the software - the copy used on a customer's systems - is corrupted or lost. This provision does not mean that a third party like Rimini Street is authorized to make copies of the Siebel software and documentation to, among other

things, access the software's source code to carry out modification, development and testing of the software not related to archive, emergency back-up, or disaster recovery purposes, or to use the customer's software or support materials to support other customers.

If you find that the copies of the Siebel software application and related documentation housed on Rimini Street's servers were used solely for archive or emergency back-up purposes or disaster recovery and related testing then that use is authorized by the Siebel software license agreement and you should find in favor of defendant Rimini Street and against Oracle International Corporation on Oracle International Corporation's claim for direct copyright infringement as it relates to the Siebel copyrighted works.

If, on the other hand, you find that the copies of the Siebel software application and related documentation housed on Rimini Street's servers were used for purposes other than archive or emergency back-up purposes or disaster recovery and related testing then that use is outside the scope of the Siebel software license agreement and you should find in favor of Oracle International Corporation and against defendant Rimini Street on Oracle International Corporation's claim for direct copyright infringement as it relates to the Siebel copyrighted works.

PeopleSoft Software License Agreements

You have already been informed that the court has ruled as a matter of law the defendant Rimini Street engaged in copyright infringement of certain of Oracle International Corporation's PeopleSoft

software applications. However, the court has not ruled on the issue of copyright infringement as it relates to Oracle International Corporation's PeopleSoft documentation at issue in this action.

You are informed that the Court has previously ruled as a matter of law that defendant Rimini Street engaged in copyright infringement of Oracle International Corp. ation's PeopleSoft software applications. The PeopleSoft software licenses prohibited Rimini Street from copying or preparing derivative works from PeopleSoft software other than to support the specific licensee's own internal data processing operations on the licensee's own computer systems. Any copying or preparation of derivative works outside the scope of those limitations was prohibited by the license agreements. This means that the licenses prohibited Rimini Street from copying or preparing derivative works from PeopleSoft software on Rimini Street's computer systems. It also means the licenses prohibited Rimini Street from copying or preparing derivative works from PeopleSoft software in developing or testing software updates for other Rimini Street customers.

As to the PeopleSoft software license agreements you are informed that the court rules as a matter of law that the PeopleSoft software license agreements authorized a third party like Rimini Street to make a reasonable number of copies of the PeopleSoft documentation solely for the customer's internal use and at the customer's facilities. This provision does not authorize a third party like Rimini Street to copy, distribute, or use the PeopleSoft documentation at its facilities or to develop or test software updates for other customers.

If you find that the copies of the PeopleSoft documentation were solely at the customer's facilities and were used solely for the customer's internal use then that use is authorized by the PeopleSoft software license agreement and you should find in favor of defendant Rimini Street and against Oracle International Corporation on Oracle International Corporation's claim for direct copyright infringement as it relates to the PeopleSoft documentation and support materials.

If, on the other hand, you find that the copies of the PeopleSoft documentation were either at Rimini Street's facilities or were used for purposes other than solely for the customer's internal use then that use is outside the scope of the PeopleSoft software license agreement and you should find in favor of Oracle International Corporation and against defendant Rimini Street on Oracle International Corporation's claim for direct copyright infringement as it relates to the PeopleSoft documentation and support materials.

JURY INSTRUCTION NO. 24

* * *

Copyright Infringement - Damages - Innocent Infringement

An infringement is considered innocent when the Defendant has proved both of the following elements by a preponderance of the evidence:

1. the Defendant was not aware that its acts constituted infringement of the copyright; and

2. the Defendant had no reason to believe that its acts constituted an infringement of the copyright.

JURY INSTRUCTION NO. 35

UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

* * *

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation, Plaintiffs, v. RIMINI STREET, INC., a Nevada corporation; and SETH RAVIN, an individual, Defendants.	2:10-cv-0106-LRH-PAL VERDICT

Instructions: When answering the following questions and filling out this Verdict Form, please refer to the Jury Instructions for guidance on the law applicable to the subject matter covered by each question.

WE THE JURY, in the above-entitled case, unanimously find as follows:

INFRINGEMENT

Question 1: PeopleSoft Documentation

Has Oracle International Corporation proven by a preponderance of the evidence that Rimini Street engaged in copyright infringement by copying

copyrighted PeopleSoft documentation in a manner not authorized by the terms of the PeopleSoft software license agreements that the Court has explained to you?

✓ Yes ____ No

Question 2: J.D. Edwards Software and Documentation

Has Oracle International Corporation proven by a preponderance of the evidence that Rimini Street engaged in copyright infringement by copying copyrighted J.D. Edwards software and documentation in a manner not authorized by the terms of the J.D. Edwards software license agreements that the Court has explained to you?

✓ Yes ____ No

Question 3: Siebel Software and Documentation

Has Oracle International Corporation proven by a preponderance of the evidence that Rimini Street engaged in copyright infringement by copying copyrighted Siebel software and documentation in a manner not authorized by the terms of the Siebel software license agreements that the Court has explained to you?

✓ Yes ____ No

Question 4: Contributory Infringement

Has Oracle International Corporation proven by a preponderance of the evidence that defendant Seth Ravin engaged in contributory copyright infringement of the following Oracle International Corporation copyrighted works?

PeopleSoft Software	____Yes	✓ No
PeopleSoft Documentation	____Yes	✓ No
J.D. Edwards Software and Documentation	____Yes	✓ No
Siebel Software and Documentation	____Yes	✓ No
Oracle Database	____Yes	✓ No

Question 5: Vicarious Infringement

Has Oracle International Corporation proven by a preponderance of the evidence that defendant Seth Ravin engaged in vicarious copyright infringement of the following Oracle International Corporation copyrighted works?

PeopleSoft Software	____Yes	✓ No
PeopleSoft Documentation	____Yes	✓ No
J.D. Edwards Software and Documentation	____Yes	✓ No
Siebel Software and Documentation	____Yes	✓ No
Oracle Database	____Yes	✓ No

COPYRIGHT INFRINGEMENT DAMAGES

Question 6: Actual Damages

What do you find is the best measure of Oracle International Corporation's actual damages for all acts of copyright infringement engaged in by defendant Rimini Street?

Lost Profits ____

Fair Market Value License ✓

Regardless of whether you find that Lost Profits or a Fair Market Value License is the best measure of actual damages in this action, please answer all

three of the following questions concerning damages: Questions 6a, 6b, and 6c. Your answer to the damages question that you find is not the best measure of actual damages (either Lost Profits or a Fair Market Value License) is advisory to the court only.

Question 6a: Lost Profits

What amount of Lost Profits, if any, has Oracle International Corporation proven by a preponderance of the evidence for all acts of copyright infringement engaged in by defendant Rimini Street? If you found in Questions 1 through 3 that defendant Rimini Street did not engage in copyright infringement as to a particular copyrighted work, please do not consider that copyrighted work in your damages amount.

Total Lost Profits: $ 0

Question 6b: Defendant's Profits

What amount of Rimini Street's Profits, if any, has Oracle International Corporation proven by a preponderance of the evidence for all acts of copyright infringement engaged in by defendant Rimini Street? If you found in Questions 1 through 3 that defendant Rimini Street did not engage in copyright infringement as to a particular copyrighted work, please do not consider that copyrighted work in your damages amount.

Total Amount of Defendant's Profits: $ 0

Question 6c: Fair Market Value License

What amount do you find that Oracle International Corporation has proven by a preponderance of the evidence is the Fair Market

Value License for all of the infringed copyrighted works? If you found in Questions 1 through 3 that defendant Rimini Street did not engage in copyright infringement as to a particular copyrighted work, please do not consider that copyrighted work in your damages amount.

Total value of a Fair Market Value License: $ 35,600,000

Question 7: Contributory Infringement Damages

If you found that defendant Seth Ravin engaged in contributory copyright infringement, which portion of the actual damages award that you awarded against Rimini Street do you find that defendant Seth Ravin is contributorily liable for? The actual damages award that you should use for this question is whichever damages theory - either Lost Profits or a Fair Market Value License - that you determined is the best measure of actual damages.

Contributory Damages Amount: $ 0

Question 8: Vicarious Infringement Damages

If you found that defendant Seth Ravin engaged in vicarious copyright infringement, which portion of the actual damages award that you awarded against Rimini Street do you find that defendant Seth Ravin is vicariously liable for? The actual damages award that you should use for this question is whichever damages theory - either Lost Profits or a Fair Market Value License - that you determined is the best measure of actual damages.

Vicarious Damages Amount: $ 0

STATUTORY DAMAGES

Regardless of your verdict under the section Copyright Infringement Damages above, you must determine the amount of statutory damages under the Copyright Act. To determine the amount of statutory damages under the Copyright Act, please answer the following questions. Please note that in response to Questions 9 and 10, copyright infringement need not be innocent or willful, but can simply be infringement. Questions 9 and 10 reflect your finding as to special considerations for determining statutory damages under the Copyright Act. After deliberating, it may be that your answers to both Questions 9 and 10 are No. Such an answer is acceptable and contemplated under the Copyright Act.

Question 9: Innocent Infringement

Do you find that defendant Rimini Street has proven by a preponderance of the evidence that its infringement, if any, of the following copyrighted works was innocent as explained in the jury instruction titled Copyright Infringement - Damages - Innocent Infringement?

PeopleSoft Software	✓ Yes	___No
PeopleSoft Documentation	✓ Yes	___No
J.D. Edwards Software and Documentation	✓ Yes	___No
Siebel Software and Documentation	✓ Yes	___No
Oracle Database	✓ Yes	___No

If you found that defendant Rimini Street engaged in innocent infringement as to all of the copyright infringement that it engaged in, skip Question 10. However, if you found that defendant

Rimini Street did not engage in innocent infringement as to all of the copyright infringement that it engaged in, or that it engaged in innocent infringement as to only some of the copyright infringement that it engaged in, answer Question 10.

Question 10: Willful Infringement

Do you find that plaintiff Oracle International Corporation has proven by a preponderance of the evidence that defendant Rimini Street's infringement, if any, of the following copyrighted works was willful as explained in the jury instruction titled Copyright Infringement - Damages - Willful Infringement?

PeopleSoft Software	___Yes	✓ No
PeopleSoft Documentation	___Yes	✓ No
J.D. Edwards Software and Documentation	___Yes	✓ No
Siebel Software and Documentation	___Yes	✓ No
Oracle Database	___Yes	✓ No

Question 11: Statutory Damages

You must now determine the amount of statutory damages to award Oracle International Corporation under the Copyri ht Act. There are 100 copyright registrations listed in your juror book. The parties have agreed that no more than 93 copyrighted works are eligible for statutory damages.

You may award any amount between $200 and $150,000 for each copyrighted work infringed depending upon your findings regarding intent in the above questions. If you found that the infringement as to a particular copyrighted work was innocent in Question 9, then you may award between $200 and

$30,000 for each such copyrighted work. However, if you found that the infringement as to a particular copyrighted work was willful in Question 10, then you may award between $750 and $150,000 for each such copyrighted work.

The total number of copyrighted works for which statutory damages is awarded is: 93

The total amount to be awarded for statutory damages is: $ 2,790,000

Question 12: Contributory Infringement

If you found that defendant Seth Ravin engaged in contributory copyright infringement, what portion of the statutory damages award that you awarded against Rimini Street do you find that defendant Seth Ravin is contributorily liable for?

Contributory Statutory Damages Amount: $ 0

Question 13: Vicarious Infringement

If you found that defendant Seth Ravin engaged in vicarious copyright infringement, what portion of the statutory damages award that you awarded against Rimini Street do you find that defendant Seth Ravin is vicariously liable for?

Vicarious Statutory Damages Amount: $ 0

INDUCING BREACH OF CONTRACT/ INTENTIONAL INTERFERENCE

Question 14: Inducing Breach of Contract

Do you find that plaintiff Oracle America, Inc. has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin induced

customers of Oracle America, Inc. to breach their contracts with Oracle America, Inc.?

Rimini Street	____ Yes	✓ No
Seth Ravin	____ Yes	✓ No

If you answered yes to either defendant, what amount of damages did that breach of contract cause to Oracle America, Inc.? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 0
Seth Ravin	$ 0

Question 15: Intentional Interference - Oracle America, Inc.

Do you find that plaintiff Oracle America, Inc. has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin intentionally interfered with economic relationships between Oracle America, Inc. and customers that probably would have resulted in an economic benefit to Oracle America, Inc.?

Rimini Street	____ Yes	✓ No
Seth Ravin	____ Yes	✓ No

If you answered yes to either defendant what amount of damages did that intentional interference cause to Oracle America, Inc.? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 0
Seth Ravin	$ 0

Question 16: Intentional Interference - Oracle International Corporation

Do you find that plaintiff Oracle International Corporation has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin intentionally interfered with economic relationships between Oracle International Corporation and customers that probably would have resulted in an economic benefit to Oracle International Corporation?

Rimini Street	____ Yes	✓ No
Seth Ravin	____ Yes	✓ No

If you answered yes to either defendant what amount of damages did that intentional interference cause to Oracle International Corporation? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 0
Seth Ravin	$ 0

COMPUTER ACCESS CLAIMS

Question 17: California Computer Data Access and Fraud Act - Oracle America, Inc.

Do you find that Oracle America, Inc. has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin violated the California Computer Data Access and Fraud Act as explained in the jury instructions?

Rimini Street	✓ Yes	____ No
Seth Ravin	✓ Yes	____ No

If you answered yes to either defendant what amount of damages did that violation of the California Computer Data Access and Fraud Act cause to Oracle America, Inc.? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 8,827,000
Seth Ravin	$ 8,827,000

Question 18: California Computer Data Access and Fraud Act - Oracle International Corporation

Do you find that plaintiff Oracle International Corporation has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin violated the California Computer Data Access and Fraud Act as explained in the jury instructions?

Rimini Street	✓ Yes	____ No
Seth Ravin	✓ Yes	____ No

If you answered yes to either defendant what amount of damages did that violation of the California Computer Data Access and Fraud Act cause to Oracle International Corporation? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 5,600,000
Seth Ravin	$ 5,600,000

Question 19: Nevada Computer Crimes Law - Oracle America, Inc.

Do you find that Oracle America, Inc. has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin violated the Nevada Computer Crimes Law as explained in the jury instructions?

Rimini Street	✓ Yes	____ No
Seth Ravin	✓ Yes	____ No

If you answered yes to either defendant what amount of damages did that violation of the Nevada Computer Crimes Law cause to Oracle America, Inc.? If you did not answer yes to the above question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 8,827,000
Seth Ravin	$ 8,827,000

Question 20: Nevada Computer Crimes Law - Oracle International Corporation

Do you find that plaintiff Oracle International Corporation has proven by a preponderance of the evidence that defendant Rimini Street and/or Seth Ravin violated the Nevada Computer Crimes Law as explained in the jury instructions?

Rimini Street	✓ Yes	____ No
Seth Ravin	✓ Yes	____ No

If you answered yes to either defendant what amount of damages did that violation of the Nevada Computer Crimes Law cause to Oracle International Corporation? If you did not answer yes to the above

question as to a particular defendant please write N/A in the appropriate space provided.

Rimini Street	$ 5,600,000
Seth Ravin	$ 5,600,000

NON-DUPLICATIVE DAMAGES

Question 21: Non-Duplicative Damages - Oracle America, Inc.

If you found that Oracle America, Inc. suffered damages as a result of defendant Rimini Street and/or Seth Ravin's conduct you must now determine the total amount of damages that is not duplicative of any other damages award in your verdict as explained in the jury instruction titled Verdict Form - Duplicative Damages. In determining this amount, you should exclude the amount awarded for Statutory Damages as well as the amount awarded, if any, for whichever damages theory you determined was not the best measure of actual damages for copyright infringement (either Lost Profits or a Fair Market Value License). The total amount of non-duplicative damages to be awarded to Oracle America, Inc. against each defendant is as follows:

Rimini Street	$ 8,827,000
Seth Ravin	$ 8,827,000

Question 22: Non-Duplicative Damages - Oracle International Corporation

If you found that Oracle International Corporation suffered damages as a result of defendant Rimini Street and/or Seth Ravin's conduct you must now determine the total amount of damages that is not duplicative of any other damages award in your verdict as explained in the jury

instruction titled Verdict Form - Duplicative Damages. In determining this amount, you should exclude the amount awarded for Statutory Damages as well as the amount awarded, if any, for whichever damages theory you determined was not the best measure of actual damages for copyright infringement (either Lost Profits or a Fair Market Value License). The total amount of non-duplicative damages to be awarded to Oracle International Corporation against each defendant is as follows:

Rimini Street	$41,200,000
Seth Ravin	$5,600,000

PUNITIVE DAMAGES

If you found that Oracle America, Inc. and/or Oracle International Corporation has proven by a preponderance of the evidence that defendant Rimini Street is liable for intentional interference with prospective economic advantage (Questions 15 and 16), violating the California Computer Data Access and Fraud Act (Questions 17 and 18), or violating the Nevada Computer Crimes Law (Questions 19 and 20) please answer the following question.

Question 25: Punitive Damages - Rimini Street

Has Oracle America, Inc. and/or Oracle International Corporation proven by clear and convincing evidence that defendant Rimini Street engaged in malice, oppression, or fraud such that punitive damages against this defendant is warranted?

____ Yes ✓ No

If you found that Oracle America, Inc. and/or Oracle International Corporation has proven by a preponderance of the evidence that defendant Seth

Ravin is liable for intentional interference with prospective economic advantage (Questions 15 and 16), violating the California Computer Data Access and Fraud Act (Questions 17 and 18), or violating the Nevada Computer Crimes Law (Questions 19 and 20) please answer the following question.

Question 26: Punitive Damages – Seth Ravin

Has Oracle America, Inc. and/or Oracle International Corporation proven by clear and convincing evidence that defendant Seth Ravin engaged in malice, oppression, or fraud such that punitive damages against this defendant is warranted?

____ Yes ✓ No

You have now completed the Verdict Form. Have your foreperson date and sign the form below. Then, inform the court security officer that you have reached a unanimous verdict. Do not give the envelope to the bailiff. Your foreperson should retain possession of the Verdict Form until it is requested by the judge when the court reconvenes.

Dated this 13 day of October, 2015

_____

JURY FOREPERSON

EXHIBIT A

Attorneys' Fees	**Dkt. 996, Ex. 1**	**Adjustments**	**Final**
Bingham and Morgan Lewis	$18,695,129.67[1]		$18,695,129.67
Boies Schiller	$12,542,840.00[2]	*-$6,480.00*[3]	$12,536,360.00
H5 & Huron	$4,360,943.20[4]		$4,360,943.20
Other (Black Letter, Barg Coffin)	$28,895.12[5]		$28,895.12
TOTAL ATTORNEYS' FEES	$35,627,807.99		**$35,621,327.99**
Taxable Costs			

[1] Dkt. 923 ¶ 4; Dkt. 932 ¶¶ 7-8; Dkt. 937; Dkt. 939; Dkt. 972 ¶¶ 4-5.

[2] Dkt. 924 ¶ 4; Dkt. 933 ¶¶ 3-4; Dkt. 973 ¶¶ 3-5, Ex. 1.

[3] Hixson Decl. ¶ 4.d; Richardson Decl. ¶ 19.

[4] Dkt. 923 ¶¶ 97-98.

[5] Dkt. 923 ¶¶ 99-100.

Deposition Costs	$192,999.70[6]		$192,999.70
Stroz Fees for Oracle Productions	$4,757,561.00[7]	*-$1,515,279.45*[8]	$3,242,281.55
TOTAL TAXABLE COSTS	$4,950,560.70		**$3,435,281.25**
Non-Taxable Costs			
Stroz Electronic Discovery Costs	$8,271,552.59[9]	*$1,515,279.45*[10]	$9,786,832.04
Expert Fees (Davis, AACG, Nodruoy, TMF)	$3,353,191.75[11]	*-$7,931.25*[12]	$3,345,260.50

[6] Dkt. 923 ¶ 101.

[7] Dkt. 923 ¶ 110.

[8] Hixson Decl. ¶ 4.b.

[9] Dkt. 923 ¶ 110.

[10] Hixson Decl. ¶ 4.b.

[11] Dkt. 923 ¶¶ 104-108; Dkt. 932 ¶¶ 5-6, 10.

[12] Hixson Decl. ¶ 4.a DB3/ 200807992.2

Expert Fees (Elysium)	$4,466,899.61[13]	*-$815.00*[14]	$4,466,084.61
Other Consultant Fees (JRI)	$155,468.99[15]		$155,468.99
Other Consultant Fees	$159,369.10[16]		$159,369.10
Other Non-Taxable Costs	$585,485.44[17]		$585,485.44
Other Non-Taxable Costs	$644,788.20[18]	*-$1,409.20*[19]	$643,379.00
TOTAL NON-TAXABLE COSTS	$17,636,755.68		$19,141,879.68

[13] Dkt. 924 ¶¶ 44-45; Dkt. 933 ¶ 6; Dkt. 973 ¶ 18, Ex. 1.

[14] Hixson Decl. ¶ 4.c; Richardson Decl. ¶¶ 22-23.

[15] Dkt. 923 ¶ 103; Dkt. 932 ¶ 4.

[16] Dkt. 924 ¶ 46, Ex. 1; Dkt. 973 ¶ 19.

[17] Dkt. 923 ¶ 101; Dkt. 972 ¶¶ 4-5.

[18] Dkt. 924 ¶ 42; Dkt. 973 ¶¶ 4, 15, Ex. 1.

[19] Hixson Decl. ¶ 4.d; Richardson Decl. ¶ 21.

TOTAL ATTORNEYS' FEES AND COSTS SOUGHT	$58,215,124.37	*-$16,635.45*	**$58,198,488.92**

UNITED STATES DISTRICT COURT

**** DISTRICT OF NEVADA

ORACLE USA, INC., et al.,

Plaintiffs,

v.

RIMINI STREET, INC., et al.,

Defendants.

JUDGMENT IN A CIVIL CASE

CASE NUMBER: 2:10-cv-00106-LRH-PAL

___ **Jury Verdict.** This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

___ **Decision by Court.** This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

X **Decision by Court.** This action came to be considered before the Court. The issues have been considered and a decision has been rendered.

IT IS ORDERED AND ADJUDGED an award of attorneys' fees and costs is hereby entered in favor of Plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation and against Defendants Rimini Street, Inc. and Seth Ravin in the amount of $46,227,363.36.

September 21, 2016 **LANCE S. WILSON**
Clerk

/s/ K. Walker
Deputy Clerk

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

* * *

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation, Plaintiffs, v. RIMINI STREET, INC., a Nevada corporation; and SETH RAVIN, an individual, Defendants.	2:10-cv-0106-LRH-PAL ORDER

Before the court are plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation's (collectively "Oracle") motion for a permanent injunction (ECF No. 900), motion for prejudgment interest (ECF No. 910), and motion for attorneys' fees (ECF No. 917). Defendants Rimini Street, Inc. ("Rimini") and Seth Ravin ("Ravin") (collectively "defendants") filed oppositions to the motions (ECF Nos. 905, 958, 998) to which Oracle replied (ECF Nos. 907, 979, 1018).

I. Facts and Procedural History

This action has an extensive factual and procedural history. In brief, Oracle develops,

manufactures, and licenses computer software. Oracle also provides software support services to customers who license its software. Defendant Rimini is a company that provides similar software support services to customers licensing Oracle's software and competes directly with Oracle to provide these services. Defendant Ravin is the owner and CEO of Rimini.

On January 25, 2010, Oracle filed a complaint for copyright infringement against defendants alleging that Rimini copied several of Oracle's copyright-protected software programs onto Rimini's own computer systems in order to provide software support services to its customers. ECF No. 1. In June 2011, Oracle filed a second amended complaint alleging thirteen causes of action against defendants: (1) copyright infringement; (2) violation of the Federal Computer Fraud and Abuse Act ("CFAA"), 18 U.S.C. § 1030(a); (3) violation of the California Computer Data Access and Fraud Act, Cal. Penal Code § 502; (4) violation of the Nevada Computer Crimes Law, NRS § 205.4765; (5) breach of contract; (6) inducement of breach of contract; (7) intentional interference with prospective economic advantage; (8) negligent interference with prospective economic advantage; (9) unfair competition; (10) trespass to chattels; (11) unjust enrichment; (12) unfair practices; and (13) accounting. ECF No. 146.

A jury trial was held on Oracle's claims from September 14 through October 13, 2015. On October 13, 2015, the jury returned its verdict and found that defendant Rimini engaged in copyright infringement of Oracle's copyrighted PeopleSoft, J.D. Edwards, and Siebel-branded Enterprise Software products. ECF No. 896. The jury also found that both

defendants Rimini and Ravin violated the California Computer Data Access and Fraud Act and the Nevada Computer Crimes Law. *Id.* Ultimately, the jury awarded Oracle $35,600,00.00 against Rimini for copyright infringement and awarded Oracle $14,427,000.00 against both Rimini and Ravin for violation of the state computer access statutes. *Id.* After the jury verdict, Oracle filed the present motions for a permanent injunction, prejudgment interest, and attorneys' fees. ECF Nos. 900, 910, 917. The court shall address each post-trial motion below.

II. Motion for Permanent Injunction (ECF No. 900)

As part of its motion for a permanent injunction, Oracle seeks three separate forms of relief. First, Oracle seeks judgment against defendants on its claim for violation of California's Unfair Competition Law. Second, Oracle seeks a permanent injunction to enjoin and restrain defendants from continued infringement of Oracle's copyrighted Enterprise Software products and from improperly accessing and taking data from Oracle's websites and computer systems. Finally, Oracle seeks disposition of all copies of the infringing software on defendants' systems.

A. California's Unfair Competition Law

Oracle seeks judgment against both defendants Rimini and Ravin on its claim for violation of California's Unfair Competition Law ("UCL"), Cal. Bus & Prof. Code § 17200 *et seq*. California's UCL prohibits unlawful, fraudulent, and unfair business practices. *Cel-Tech Comm's, Inc. v. L.A. Cellular Tel. Co.*, 20 Cal. 4th 163, 180 (Cal. 1992). There is no right to a jury trial under the UCL. Rather, a

violation of the UCL occurs as a matter of law when there has been a violation of a predicate act. CAL. BUS & PROF. CODE § 17200. A violation of the California Computer Data Access and Fraud Act is an identified predicate act under the UCL. *See Cal-Tech Comm's, Inc.*, 20 Cal. 4th at 180; CAL. BUS & PROF. CODE § 17500 *et seq*. Because the jury found that defendants violated the CDAFA, Oracle is also entitled to judgment against defendants on its UCL claim. Accordingly, the court shall grant Oracle's motion and issue judgment in favor of plaintiffs Oracle America, Inc. and Oracle International Corporation on this claim.

B. Permanent Injunction

"[T]he decision whether to grant or deny injunctive relief rests within the equitable discretion" of the district court. *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388, 394 (2006). Such discretion should be "exercised consistent with traditional principles of equity." *Id.* In determining whether to issue a permanent injunction in copyright infringement actions, courts evaluate four factors: (1) irreparable harm; (2) inadequacy of monetary damages; (3) the balance of hardships; and (4) whether the public interest would be served by a permanent injunction. *Id.* at 391; *see also Flexible Lifeline Sys., Inc. v. Precision Lift, Inc.*, 654 F.3d 989, 999 (9th Cir. 2011) (applying the four-factor test outlined in *eBay*). Further, an injunction should issue when the intervention of the court in equity is essential to protect a party's rights against injuries that could not otherwise be remedied. *See Weinberger v. Romero-Barcelo*, 456 U.S. 305, 312 (1982).

1. Availability of a Permanent Injunction

Before addressing whether to award Oracle an injunction in this action, the court must first determine whether Oracle is entitled to seek a permanent injunction against defendants and under what statute(s), if any.

Initially, Oracle contends that it may seek a permanent injunction under the Nevada Computer Crimes Law ("NCCL"). *See* NRS § 205.513(2) ("An injunction . . . [m]ay be issued without proof of actual damage sustained by any person."). However, under the NCCL, only the Nevada Attorney General or the appropriate district attorney may seek a permanent injunction against a party who has violated the act. NRS § 205.513(1) (stating that only the "Attorney General or the appropriate district attorney may file an action in any court of competent jurisdiction to prevent the occurrence or continuance of that act or practice."). Thus, the plain language of the statute does not authorize Oracle, a private party, to seek a permanent injunction for a violation of the NCCL.

Next, Oracle seeks a permanent injunction under the California Computer Data Access and Fraud Act ("CDAFA"). The CDAFA provides that the owner of a computer network, like Oracle, may seek injunctive relief for violations of the statute. CAL. PENAL CODE § 502(e)(1) ("In addition to any other civil remedy available, the owner or lessee of the computer, computer system, computer network, computer program, or data who suffers damage or loss by reason of a violation of any of the provisions of subdivision (c) may bring a civil action against the violator for compensatory damages and injunctive relief or other equitable relief."). Accordingly, Oracle

is entitled to seek a permanent injunction against defendants under the CDAFA.

Finally, Oracle contends that it is entitled to seek a permanent injunction under the Copyright Act. The Copyright Act provides that a district court may enter an injunction "on such terms as it may deem reasonable to prevent or restrain infringement of a copyright." 17 U.S.C. § 502(a). Therefore, the court finds that Oracle is entitled to separately seek a permanent injunction against defendant Rimini under the Copyright Act.[1]

2. Irreparable Injury

The first factor in a permanent injunction analysis is whether a plaintiff has suffered an irreparable injury as a result of a defendant's conduct, or will suffer an irreparable injury absent an injunction. *See American Trucking Ass'ns v. City of Los Angeles*, 559 F.3d 1046, 1052 (9th Cir. 2009). As part of a court's irreparable injury analysis in a copyright action, courts regularly examine three factors: (1) direct competition between the parties; (2) loss of market share due to the infringement; and (3) loss of customer and business goodwill. *See, e.g., Presidio Components Inc. v. Am. Tech. Ceramics Corp.*, 702 F.3d 1351, 1362 (Fed. Cir. 2012) (stating that direct competition in the same market strongly supports the potential for irreparable harm absent an injunction); *i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831, 861 (Fed. Cir. 2010) (finding that harm to a

[1] As the jury did not find that defendant Ravin engaged in any copyright infringement, Oracle may not separately seek a permanent injunction against Ravin pursuant to the Copyright Act.

party's market share, revenues, and brand recognition is relevant for determining whether the party has suffered an irreparable injury); *Celsis in Vitro, Inc. v. CellzDirect, Inc.*, 664 F.3d 922, 930 (Fed. Cir. 2012) (holding that loss of goodwill, damage to reputation, and loss of business opportunities are all valid grounds for finding irreparable harm).

Here, the court finds that defendants' unlawful actions, to wit copyright infringement and violations of the state computer access statutes, irreparably injured Oracle's business reputation and goodwill. First, it is undisputed that Oracle and Rimini directly compete with each other to provide software support services and that Rimini infringed Oracle's copyrighted works, which supports issuance of a permanent injunction. *See Presidio Components, Inc.*, 702 F.3d at 1362.

Second, the evidence in this action established Rimini's callous disregard for Oracle's copyrights and computer systems when it engaged in the infringing conduct. For example, the evidence established that Rimini's egregious and continued infringement enabled it to rapidly build its business and gain market share against Oracle in the software support service market by offering cut-rate prices on its support services for Oracle software, generally at a discount of 50% of Oracle's prices for similar service contracts. In fact, Rimini's business model was built entirely on its infringement of Oracle's copyrighted software and its improper access and downloading of data from Oracle's website and computer systems, and Rimini would not have achieved its current market share and business growth without these infringing and illegal actions. Moreover, Rimini

landed clients for its services by telling customers that Oracle's services were overpriced and could be provided at the same rate Rimini was offering while still providing Oracle significant profits, thereby harming Oracle's business reputation. Through this misconduct, Rimini gained an improper advantage that it used to harm Oracle's business reputation and goodwill in the software service industry. Such injuries to a business' reputation and goodwill have consistently been held to constitute irreparable harm. *See Apple Inc. v. Psystar Corp. (Apple II)*, 658 F.3d 1150, 1154 (9th Cir. 2011).

Finally, Rimini's claim that it no longer engages in the conduct adjudged by the court and jury to infringe Oracle's copyrights is not a basis to deny issuance of an injunction. *See Metro-Goldwyn-Mayer Studios v. Grokster, Ltd.*, 518 F. Supp. 2d 1197, 1222 (C.D. Cal. 2007) (stating that "[a] private party's discontinuation of unlawful conduct does not make the dispute moot, however. An injunction remains appropriate to ensure that the misconduct does not recur as soon as the case ends."). Therefore, the court finds that this factor weighs in favor of a permanent injunction.

3. Inadequacy of Monetary Damages

In order to establish that an injunction is warranted, a plaintiff must show that monetary damages are inadequate to fully compensate it for the defendant's conduct. *eBay*, 547 U.S. at 391. Here, the court finds that Oracle has established that monetary damages alone are inadequate to compensate it for the losses suffered because of defendants. First, the court notes that certain harms suffered by Oracle like lost market share and company goodwill are intangible injuries difficult to

quantify and compensate. *See Apple II*, 658 F.3d at 1154 (stating that injuries to a business' reputation and company goodwill are intangible injuries difficult to quantify and compensate). Second, the infringement damages in this action were complex and difficult to determine. Unlike a patent case where a specific number of infringing products are sold at a specific price, in this copyright infringement action there was no efficient way to measure the damages Oracle suffered. In particular, the jury was provided with two separate damage theories, both of which required the jury to evaluate a substantial amount of evidence and expert testimony to reach the damages awarded in this action. Oracle's lost profits theory required the jury to determine the lost profits, if any, of a multi-billion dollar company that has a continuously growing business. Similarly, Oracle's hypothetical license damages theory required the jury to determine the amount Oracle would have charged for Rimini, its competitor in the software service market, to license its copyrighted software when presented with evidence that Oracle does not license its software to such competitors. The difficulty for the jury in determining damages in this action supports Oracle's claim that monetary damages alone are insufficient to fairly and fully compensate it for defendants' conduct. Finally, one of the most fundamental rights the holder of a copyright has is the right to exclude others, and this right has routinely been held difficult to compensate solely through monetary compensation. *See eBay*, 547 U.S. at 395 (Roberts, C.J. concurring) (identifying and explaining the difficulty of protecting a right to exclude through monetary remedies alone). Based on all the above, the court finds that this factor weighs in favor of an injunction.

4. Balance of Hardships

A court must weigh and balance the competing effect that granting or withholding an injunction would have on each party. *See Williams v. Bridgeport Music, Inc.*, 2015 U.S. Dist. LEXIS 97262, at *128 (C.D. Cal. 2015). The court has reviewed the documents and pleadings on file in this matter and finds that the balance of hardships weighs in favor of an injunction. Generally, the balance of hardships tips in favor of a holder of a copyright seeking to protect its copyrighted works, especially when the party to be enjoined does not have a separate legitimate business purpose for continuation of the infringing acts. *Grokster*, 518 F. Supp. 2d at 1220. This case is no different. First, Rimini does not have a separate legitimate business purpose for continuation of the infringing acts. Second, there is no evidence that Rimini would be harmed by an injunction that enjoins and restrains future copyright infringement or using the materials gained from its infringement because Rimini has already represented to the court that is has changed its business model and support services away from the infringing model in response to the court's orders on summary judgment. Finally, because Oracle seeks to enjoin only acts that have already been determined to be unlawful, the balance of hardships weighs in Oracle's favor.

5. Public Interest

"[T]he touchstone of the public interest factor is whether an injunction, both in scope and effect, strikes a workable balance between protecting the [copyright holder's] rights and protecting the public from the injunction's adverse effects." *i4i*, 598 F.3d at 863.

Here, having reviewed all the documents and pleadings on file in this matter, the court finds that an injunction against future copyright infringement and violations of the computer access statutes are in the public interest. *See Apple Comput. v. Franklin Comput. Corp.*, 714 F.2d 1240, 1255 (3d Cir. 1983) ("[I]t is virtually axiomatic that the public interest can only be served by upholding copyright protections and, correspondingly, preventing the misappropriation of the skills, creative energies, and resources which are invested in the protected work."). Further, an injunction against future infringement would not harm the public interest of access to competitive services because Rimini has repeatedly represented to the court that its current business model is not based on its prior infringing conduct. Taking defendants' statements as true, then Rimini's ability to compete against Oracle in the software support service market would not be lost with an injunction, and thus, the public would still have access to competition in that market. Finally, issuing an injunction in this action "ultimately serves the purpose of enriching the general public through access to creative works" by giving Oracle an incentive to continue to develop software for public use. *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1986 (2016). Therefore, the court finds that the relevant *eBay* factors favor issuance of a permanent injunction in this action, and the court shall grant Oracle's motion accordingly.

C. Disposition of Infringing Articles

In addition to a permanent injunction, Oracle seeks an order pursuant to the impoundment provisions of the Copyright Act either requiring defendants to turn over all infringing copies of

Oracle's copyrighted works to a neutral third party to be approved by the court or destroying all infringing copies outright, thereby preventing defendants from continuing to leverage the benefits of its infringing actions in its current business model. *See* ECF No. 900.

The Copyright Act provides that, "[a]s part of a final judgment or decree, the court may order the destruction or other reasonable disposition of all copies or phonorecords found to have been made or used in violation of the copyright owner's exclusive rights." 17 U.S.C. § 503(b). A disposition order is "an equitable remedy issued under the broad powers vested in a trial judge under 17 U.S.C. § 503(b)." *Rogers v. Koons*, 960 F.2d 301, 313 (2d Cir. 1992). However, such seizure and impoundment orders are "extraordinary relief" solely within the discretion of the district court. *See Williams*, 2015 U.S. Dist. LEXIS 97262, at *131. Although the Ninth Circuit has not identified appropriate factors to consider in determining whether to issue impoundment, several courts have applied the same factors related to issuance of a permanent injunction. *See, e.g., Hounddog Prods., L.L.C. v. Empire Film Grp., Inc.*, 826 F. Supp. 2d 619, 633 (S.D.N.Y. 2011); *Bridgeport Music, Inc. v. Justin Combs Pub.*, 507 F.3d 470, 492 (6th Cir. 2007) (affirming a district court's order of impoundment upon consideration of the traditional injunction factors).

With respect to Oracle's proposed disposition order, the court finds that Oracle is not entitled to a separate order impounding Rimini's computers and media. Generally, disposition orders should be granted only where other legal remedies and compensatory damages do not provide adequate

relief. Here, however, Oracle has received monetary compensation for Rimini's infringement, and the court has found that a permanent injunction should be issued against defendants against future conduct. These remedies are sufficient to protect and compensate Oracle. Further, the requested outcome of Oracle's disposition remedy - preclusion of Rimini from using the infringing works - is achieved the same with a permanent injunction as it would be with a disposition order. Thus, having already found that Oracle is entitled to a permanent injunction, the court shall deny Oracle's request for a separate disposition order under Section 503(b).

III. Motion for Prejudgment Interest (ECF No. 910)

Oracle also seeks an award of prejudgment interest on the jury verdict. Prejudgment interest is "statutorily prescribed interest accrued either from the date of the loss or from the date when the complaint was filed up to the date the final judgment is entered. . . . Depending on the statute, it may or may not be an element of damages." *Prejudgment interest, Black's Law Dictionary* (10th ed. 2014). The purpose behind prejudgment interest is "to compensate for the loss of use of money due as damages from the time the claim accrues until judgment is entered." *Barnard v. Theobald*, 721 F.3d 1069, 1078 (9th Cir. 2013). Whether to award prejudgment interest under an applicable statute is in "the district court's sound discretion." *Id.*

Initially, Oracle seeks prejudgment interest under the Copyright Act on the jury's award of $35.6 million in damages against defendant Rimini for copyright infringement. *See* ECF No. 910. An award of prejudgment interest is an available statutory

remedy under the Copyright Act. *Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 716 (9th Cir. 2004). In the Ninth Circuit, the starting point for federal prejudgment interest is the post-judgment rate established by 28 U.S.C. § 1961, which is the weekly average of the one-year constant maturity Treasury yield. *See Price v. Stevedoring Servs. of Am., Inc.*, 697 F.3d 820, 836-37 (9th Cir. 2012) (en banc), *see also Williams*, 2015 U.S. Dist. LEXIS 97262, at * 144.

In its motion, Oracle seeks prejudgment interest at the higher Prime rate rather than the Treasury rate, contending that the Prime rate is sufficient to cover inflation over the lengthy infringement and litigation period. *See* ECF No. 910. Further, Oracle argues that the hypothetical license measure of damages and the equities considered in a copyright case - compensation to the plaintiff, deterring infringers, and preventing unjust enrichment of the defendant - weigh strongly in favor of a market-based rate higher than the Section 1961 Treasury rate. The court disagrees.

"[U]nless the district court concludes that the equities demand a different rate," an award of prejudgment interest in a copyright infringement case "should be based on the fifty-two week Treasury bill rate." *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 886 F.2d 1545, 1552-53 (9th Cir. 1989). Further, the Ninth Circuit has repeatedly held that the Section 1961 rate is the appropriate rate of prejudgment interest in an action for copyright infringement. *Price*, 697 F.3d at 836; *Williams*, 2015 U.S. Dist. LEXIS 97262, at * 144. Here, the court finds that there is no basis to deviate from the standard Treasury rate to the Prime rate in this

action. That being said, however, the court finds that there is good cause to set the prejudgment interest rate at the Treasury rate on the date infringement began, rather than at the time of judgment. The court makes this finding because of the nature of the jury's award of hypothetical license damages. As the jury awarded damages to Oracle in an amount it would have received from Rimini for licensing Oracle's software at the time it began infringing Oracle's copyrights in late 2006, the court finds that this is the relevant time period for prejudgment interest. After this date, when Rimini began infringing Oracle's copyrights, Oracle lost out on the licensing fees it would have received, absent infringement. It is not equitable in the court's view to allow defendants to reap a windfall by the lower interest rates that are now available simply because they engaged in discovery delays and other litigation tactics (addressed more thoroughly in Oracle's motion for attorneys' fees) that kept this action in litigation for several years. Therefore, the court shall grant Oracle's motion and set the appropriate rate for prejudgment interest under the Copyright Act as the weekly average one-year constant maturity Treasury yield at the start of the infringement.

Second, Oracle also seeks prejudgment interest under the CDAFA and the NCCL on the jury's award of $14.4 million in damages for violation of the state computer access statutes. Under California law, "a person who is entitled to recover damages certain, or capable of being made certain by calculation, and the right to recover which is vested in the person upon a particular day, is entitled to also recover interest from that day." CAL. CIV. CODE § 3287(a). However, under California law, only damages that are "certain, or capable of being made certain by

calculation" prior to litigation may accrue prejudgment interest. *Duale v. Mercedez-Benz USA, LLC*, 148 Cal. App. 4th 718, 728-29 (2007). The "test for recovery of prejudgment interest under § 3287(a) is whether [the] defendant actually knows the amount owed or from reasonably available information could the defendant have computed that amount." *Id.* Further, "where the amount of damage, as opposed to the determination of liability, depends upon a judicial determination based upon conflicting evidence" Section 3287 "does not authorize prejudgment interest." *Id.* Here, the amount of damages for defendants' conduct under the CDAFA was not known or easily calculable prior to trial and required the jury to evaluate and weigh conflicting evidence. Therefore, the court finds that Oracle is not entitled to prejudgment interest under the CDAFA.

In contrast, in Nevada, prejudgment interest is a matter of statutory right. *Torres v. Goodyear Tire & Rubber Co.*, 317 P.3d 828, 830 (Nev. 2014) ("NRS 17.130 . . . provides a statutory right for interest on judgments."). Nevada law establishes a prejudgment interest rate of 2% plus "the prime rate at the largest bank in Nevada ascertained by the Commissioner of Financial Institutions on January 1 or July 1, as the case may be, immediately preceding the date of judgment." NRS §17.130. Such interest is assessed as simple interest on an annual basis. *Torres*, 317 P.3d at 830-31. Further, under Nevada law, interest is drawn "from the time of service of the summons." *Sobel v. Hertz*, 291 F.R.D. 525, 544 (D. Nev. 2013). Here, the summons in this action was served on January 27, 2010. Thus, the court finds that Oracle is entitled to prejudgment interest at the Nevada statutory rate for the $14.4 million in damages for

violation of the NCCL starting January 27, 2010, through the date of judgment.

IV. Motion for Attorneys' Fees (ECF No. 917)

Oracle's last motion is its present motion for attorneys' fees and costs.[2] ECF No. 917. In its request, Oracle is seeking a total of $35,627,807.99 in attorneys' fees; $4,950,560.70 in taxable costs; and $17,636,755.68 in non-taxable costs for a total attorneys' fees and costs award of $58,215,124.37. The first issue before the court is whether to award attorneys' fees in this action. Then, if the court finds that such a fee award is appropriate, the court must determine the appropriate fees award.

A. Determination of Whether to Award Fees

Under Section 505 of the Copyright Act, the court has discretion to award a prevailing party costs and attorneys' fees. *See* 17 U.S.C. § 505 ("In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party . . . . [T]he court may also award a reasonable

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[2] Oracle's motion is accompanied by a breakdown of time spent by each contracted law firm, including the individuals who provided the work, what was being worked on, and the amount of time spent on that item as outlined in four separate declarations from Attorney Thomas S. Hixson, partner with the law firm Morgan, Lewis and Bockius LLP (ECF No. 918, Hixson Decl.); Attorney Kieran P. Ringgenberg, partner with Boies, Schiller & Flexner LLP (ECF No. 919, Ringgenberg Decl.); James C. Maroulis, Managing Counsel at Oracle (ECF No. 920, Maroulis Decl.); and Richard J. Pocker, also a partner with Boies, Schiller & Flexner LLP (ECF No. 921, Pocker Decl.). Oracle also filed a supplement to its motion for attorneys' fees and costs updating its request for fees to include time spent at trial and on post-trial motions. ECF No. 996.

attorney's fee to the prevailing part as part of the costs."). In order to determine whether an award of attorneys' fees and non-taxable costs are warranted under the Copyright Act, courts examine five factors: (1) the degree of success of the prevailing party; (2) the objective reasonableness of the losing party's arguments during litigation; (3) the need to make the prevailing party whole; (4) deterrence; and (5) the purposes of the Copyright Act. *See Kirtsaeng*, 136 S. Ct. at 1986; *McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 323 (9th Cir. 1987); *Jackson v. Axton*, 25 F.3d 884, 890 (9th Cir. 1994) (stating the five factor test for attorneys' fees under the Copyright Act). Further, the Copyright Act does not condition an award of fees on a finding of willful infringement. *Casella v. Morris*, 820 F.2d 362, 366 (11th Cir. 1987) ("[A] showing of bad faith or frivolity is not a requirement of a grant of fees."). Rather, a court must evaluate each of the relevant factors and make a decision on "a more particularized, case-by-case assessment." *Kirtsaeng*, 136 S. Ct. at 1986. Each factor to determine whether an award of attorneys' fees is warranted is addressed below.

1. Degree of Success

Oracle argues that the degree of success it achieved on its claims warrants an award of attorneys' fees in this case. The court agrees. Oracle successfully defeated all of defendants' counterclaims, including counterclaims for copyright misuses, early in this litigation. Then, at trial, Oracle successfully prevailed on its claim for copyright infringement as the jury found that Rimini infringed every one of the 93 separate copyright registrations at issue. And important to the court is the fact that the trial was a copyright infringement

case first and foremost, regardless of all other claims pled. Oracle also prevailed on its two separate state computer access claims against both defendants. As a result of its overall success, Oracle won a $50 million verdict against defendants - including $35,600,000 for copyright infringement and $14,427,000 for the state computer access claims - which was five times the damages number presented at trial by defendants' damages expert. There is no question to the court that a $50 million verdict is a substantial success regardless of what could have been issued in this case. Therefore, this factor weighs in favor of awarding attorneys' fees.

2. Objective Reasonableness

The second factor is the objective reasonableness of the losing party's position during the litigation. *Kirtsaeng,* 136 S. Ct. at 1983. "No matter which side wins a case, the court must assess whether the other side's position was (un)reasonable." *Id.* at 1988. However, the objective reasonableness of a losing party's position "can be only an important factor in assessing fee applications - not the controlling one." *Id.* at 1988. "That means in any given case a court may award fees even though the losing party offered reasonable arguments (or, conversely, deny fees even though the losing party made unreasonable ones)." *Id.* "For example, a court may order fee-shifting because of a party's litigation misconduct, whatever the reasonableness of his claims or defenses." *Id.* at 1988-89 (citing *Viva Video, Inc. v. Cabrera*, 9 Fed. Appx. 77, 80 (2nd Cir. 2001)). "Or a court may do so to deter repeated instances of copyright infringement or over aggressive assertions of copyright claims, again even if the losing position was reasonable in a particular case." *Id.* at 1989 (citing *Bridgeport Music,*

Inc. v. WB Music Corp., 520 F.3d 588, 593-95 (6th Cir. 2008) (awarding fees against a copyright holder who filed hundreds of suits on an overbroad legal theory, including in a subset of cases in which it was objectively reasonable)).

Here, the court finds that defendants' litigation position that it did not engage in copyright infringement was not an objectively reasonable position. Rather, it was based on a clear misreading of Oracle's software licensing agreements and a conscious disregard for the manner that Rimini used and housed Oracle's copyrighted software programs on its own servers. In fact, Rimini's position was so unreasonable that the court was able, at summary judgment, to determine that Rimini engaged in massive copyright infringement of Oracle's copyrighted works, thereby leaving only a few issues for trial. However, throughout this litigation, including right up until trial, Rimini contended that no copyright infringement ever occurred because it did not use the copyrighted software in a proscribed manner. Based on defendants' conduct, the court finds that their position was not reasonable.

Further, even if defendants' litigation position was reasonable, the court finds that attorneys' fees are still warranted in this action because of Rimini's repeated instances of copyright infringement and its significant litigation misconduct in this action. *See Id.* It is undisputed that defendants ignored their preservation obligations and destroyed evidence prior to trial, including a key computer directory containing Oracle software that Rimini used for multiple customers in violation of customer licenses. In fact, Magistrate Judge Leen found that defendants intentionally deleted the software library

well after they were on notice of potential litigation and were well aware that the software library was potentially relevant evidence. As a result of their litigation misconduct, defendants were forced to acknowledge the spoliation and destruction of evidence at trial, and the court even gave an adverse inference jury instruction about the issue. Therefore, taking all of the above into consideration, the court finds that this factor weighs in Oracle's favor.

3. The Need to make Oracle Whole

The third factor in determining whether to award attorneys' fees under the Copyright Act is the need to make the prevailing party whole. *See McCulloch*, 823 F.2d at 323 ("[S]ection 505 is intended in part to encourage the assertion of colorable copyright claims . . . and to make the plaintiffs whole.").

In its motion, Oracle argues that an award of attorneys' fees is necessary to compensate it for its huge outlay of fees and costs necessarily incurred in enforcing its copyrights. The court agrees. Oracle has spent decades developing its copyrighted software only to have the defendants take that hard work and use it to their benefit at Oracle's expense. In order to prosecute this action, Oracle was compelled to spend a significant amount of resources in legal fees and costs over what was eventually awarded in damages just to stop defendants' unlawful conduct. Without a fee award, the court finds that Oracle's investment in its intellectual property and its incentive to create future software would not be appropriately protected or compensated.

4. Deterrence

The fourth factor in a court's attorneys' fee analysis is the need to deter defendants and others from engaging in future infringement. *McCulloch*, 823 F.2d at 323. Here, the court finds that an award of attorneys' fees is appropriate to deter defendant Rimini from its pattern of infringing Oracle's copyrights, which started when the business began and continued until the middle of this litigation. Further, an award of fees is necessary to deter other third party service providers from engaging in similar infringing conduct in order to compete with Oracle for software support services.

5. Purpose of the Copyright Act

The last factor in a court's analysis of whether to an award attorneys' fees is whether an award will further the purposes of the Copyright Act. *See Mattel, Inc. v. MGA Entm't, Inc.*, 705 F.3d 1108, 1111 (9th Cir. 2012) ("The most important factor in determining whether to award fees under the Copyright Act, is whether an award will further the purposes of the Act.").

The court finds that awarding attorneys' fees in this action furthers the purposes of the Copyright Act as it rewards owners of intellectual property, like Oracle, for pursuing their rights under the act and "encouraging and rewarding authors' creations." *Kirtsaeng*, 136 S. Ct. at 1986. Further, as discussed above, an award of attorneys' fees would deter future infringement. As such, the court finds that a fee award is appropriate in this action. *See id.* ("[F]ee awards under § 505 should encourage the type of lawsuits that promote [the purposes of the Copyright Act].."). Accordingly, the court shall grant Oracle's

motion and issue an award of attorneys' fees under the Copyright Act.[3]

B. Amount of Fees

If a district court determines that an award of attorneys' fees is warranted under the Copyright Act (or other statutory provision), the court must determine the amount of reasonable fees to award the prevailing party. In its motion, Oracle argues that the court should award $35,627,807.99 in attorneys' fees to compensate it for the fees it incurred to prosecute this litigation. In determining the reasonableness of an award of attorneys' fees, a district court considers several non-exclusive factors, including: (1) the reputation and skill of counsel; (2) the financial terms of the client fee arrangement;[4] (3) the nature and extent of work performed and results

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[3] An award of attorneys' fees is also available under both the CDAFA and the NCCL. See CAL. PENAL CODE § 502(e)(2) ("In any action brought pursuant to this subdivision the court may award reasonable attorney's fees."); NEV. REV. STAT. § 205.4765 ("Any victim of a crime described in NRS 205.473 to 205.513, inclusive, may bring a civil action to recover . . . [c]osts and reasonable attorney's fees incurred in bringing the civil action."). Insofar as the court has found that Oracle is entitled to attorneys' fees under the Copyright Act, the court also finds that attorneys' fees are warranted under the CDAFA and the NCCL, both of which allow attorneys' fees under factors less stringent than the Copyright Act. Further, in contrast to an award of fees under the Copyright Act, for which defendant Ravin was not found liable, the court finds that an award of fees under both the CDAFA and the NCCL may be levied against both defendants severally and equally.

[4] Here it is undisputed that Oracle's fee arrangements with counsel were hourly rate contracts for work performed in this action and were not contingency fee agreements.

obtained; and (4) awards in similar cases. *See* LR 54-16(b)(3); *Resurrection Bay Conservation All. v. City of Seward Alaska*, 640 F. 3d 1087, 1095 (9th Cir. 2011).

Initially, in determining the amount of fees to award in an action, the court must look to the reasonableness of the rates charged by counsel. *Id.* Generally, courts determine a reasonable rate for attorneys' fees based upon "the rates prevailing in that district for similar services by lawyers of reasonably comparable skill, experience and reputation," irrespective of practice area. *Prison Legal News v. Schwarzenegger*, 608 F.3d 446, 445 (9th Cir. 2010). However, "the district court may, if circumstances warrant, adjust the lodestar to account for other factors which are not subsumed within it." *Ferland v. Conrad Credit Corp.*, 224 F.3d 1145, 1149 n.4 (9th Cir. 2001). Those additional non-exclusive factors include: "(1) the time and labor required, (2) the novelty and difficulty of the questions involved, (3) the skill requisite to perform the legal service properly, (4) the preclusion of other employment by the attorney due to acceptance of the case, (5) the customary fee, (6) whether the fee is contingent, (7) time limitations imposed by the client or the circumstances, (8) the amount involved and the results obtained, (9) the experience, reputation, and ability of the attorneys, (10) the 'undesirability' of the case, (11) the nature and length of the professional relationship with the client, and (12) awards in similar cases." *Ballen v. City of Redmond*, 466 F.3d 736, 746 (9th Cir. 2006).

Here, the court finds that the appropriate rates for counsel in this copyright infringement action are the actual rates charged by counsel. "Unless counsel is working outside his or her normal area of practice,

evidence that a billing rate was the usual rate the attorney charges for his or her services is evidence that the rate is comparable to the market rate." *Perfect 10, Inc. v. Giganews, Inc.*, No. 11-07098, 2015 WL 1746484, at *5 (C.D. Cal. Mar. 25, 2015). Further, in an action under the Copyright Act, an award based on the actual rates charged by counsel has consistently been held to be reasonable under 17 U.S.C. § 505. *See, e.g., Kourtis v. Cameron*, 358 Fed. App'x. 863, 868 (9th Cir. 2009). This is because in such complex litigation "the parties can reasonably be expected to retain nationally respected law firms and nationally respected attorneys to pursue their interest in the litigation," which will result in "higher lodestars than normally seen in this district." *Pacquiao v. Mayweather*, 2012 WL 4092684, at *2 (D. Nev. 2012) (finding actual rates paid to California attorneys were "reasonable" and awarding them). As such, the court finds that the actual rates Oracle paid its attorneys - as established in the several declarations attached in support of Oracle's motion - are reasonable rates for this action.

Additionally, the reasonableness of the rates charged in this action is confirmed by both parties' decisions to hire national law firms. Their decisions to hire national firms reflects that the market for legal services for copyright infringement is a national market and that both parties believed only nationally-renowned firms that charged above market rates for this district could handle their cases. Therefore, the court finds that the actual rates charged by counsel in this action are reasonable rates.

Now, the issue turns to whether the amount of time billed in this case was reasonable. "[T]o

determine whether attorneys for the prevailing party could have reasonably billed the hours they claim to their private clients, the district court should begin with the billing records the prevailing party has submitted." *Gonzalez v. City of Maywood*, 729 F.3d 1196, 1202 (9th Cir. 2013). In its motion, Oracle argues that its billing records reflect a reasonable amount of time spent on this complex litigation, and that it has made conservative adjustments to the hours actually spent by counsel prior to submitting the records.

The court has reviewed Oracle's billing records and finds that Oracle has proffered sufficient evidence for the court to find that most of the time billed by counsel was reasonable for such complex litigation. However, as identified in detail by defendants' objections to evidence submitted in support of Oracle's motion,[5] Oracle's billing records do include some inconsistencies that violate regular billing practices and guidelines, such as improper block billing entries, though the court does not find Oracle's billing records nearly as "replete" with errors as defendants contend. *See, e.g., Welch v. Metro. Life Ins. Co.*, 480 F.3d 942, 948 (9th Cir. 2007) ("[B]lock billing makes it more difficult to determine how much time was spent on particular activities.").

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[5] Along with its opposition, defendants filed two separate objections to evidence submitted in support of Oracle's motion for attorneys' fees. ECF Nos. 1005, 1031. Unless and except as specified in the court's order, the court finds that the evidentiary objections are without merit or go to the weight the court should give the evidence in determining an award of attorneys' fees, rather than the admissibility of the evidence before the court.

Rather than identify every instance of a mathematical error, block billing, or missing invoice, the court finds that a blanket reduction of the requested fees in the amount of 20% is appropriate and consistent with other attorneys' fee awards under similar situations. *See, e.g.*, *Huhmann v. FedEx Corp.*, 2015 WL 6127198, at *8 (S.D. Cal. Oct. 16, 2015) (30% reduction for improper billing entries); *eMove, Inc. v. SMD Software, Inc.*, 2012 WL 4856276, at *7 (D. Ariz. Oct. 11, 2012) (20% reduction for improper billing entries); *Gunderson v. Mauna Kea Prop., Inc.*, 2011 WL 9754085, at *10 (D. Haw. May 9, 2011) (20% reduction for improper billing entries). Therefore, reducing Oracle's request for fees by 20%, Oracle is entitled to recover $28,502,246.40 in attorneys' fees incurred in this action.[6]

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[6] Defendants argue that any fee award must be further reduced because Oracle did not achieve a result greater than their pre-trial Rule 68 offers. *See Lantz v. Kreider*, 2010 WL 2609080, at *5 (D. Nev. 2010) ("The proper course of action with respect to the unaccepted Rule 68 offer of judgment is to preclude plaintiff's recovery of that portion of fees and costs related to work on the . . . claim after the date of the offer."). The court disagrees. During the course of this action, Rimini offered Oracle three separate Rule 68 Offers of Judgment. Defendants contend that the second Rule 68 offer for $60 million and the third offer for $100 million are both more favorable than the roughly $52 million obtained at trial. However, the court finds that these offers, which did not include any injunctive relief and proposed payment over several years without interest, were not "more favorable" than the ultimate judgment Oracle obtained in this action.

C. Costs

As part of its motion for attorneys' fees, Oracle seeks recovery of both taxable and nontaxable costs. *See* ECF No. 917. First, Oracle seeks to recover $4,950,566.70 in taxable costs, which includes deposition costs, document recovery and storage, and electronic discovery costs. Under Rule 54(d) of the Federal Rules of Civil Procedure, unless a federal statute or court order provides otherwise, costs should be awarded to the prevailing party. FED. R. CIV. P. 54(d)(1); *see also Ass'n of Mexican-Am. Educators v. State of California*, 231 F.3d 572, 591 (9th Cir. 2000). The court has reviewed Oracle's request for taxable costs and finds that they are recoverable and reasonable. *See* 28 U.S.C. § 1920. Therefore, the court shall award Oracle $4,950,566.70 in taxable costs.

Oracle also seeks to recover $17,636,755.68 in non-taxable costs. Section 505 of the Copyright Act permits a successful plaintiff to recover all costs incurred in litigation, not just taxable costs authorized by Rule 54(d) and 28 U.S.C. § 1920. *See Twentieth Century Fox Film Corp. v. Entm't Distrib.*, 429 F.3d 869, 885 (9th Cir. 2005). Here, Oracle's request for non-taxable costs includes litigation costs for expert witness fees, additional e-discovery fees not included under 28 U.S.C. § 1920, contract attorney services, jury consulting, and other non-taxable costs. As with Oracle's request for attorneys' fees, defendants object to several of the billing records and invoices submitted in support of Oracle's request.

The court has reviewed the documents and pleadings on file in this matter and finds that Oracle is entitled to an award of non-taxable costs in this

action for the same reasons the court is awarding attorneys' fees. However, similar to the award of fees, the court finds that Oracle is entitled to only a reduced amount of fees for various billing issues, including lost or non-validated invoices, vague billing descriptions and vague work entries. Because of these limited errors, the court finds that an overall reduction of 25% for almost all non-taxable costs is warranted.

As to defendants' specific challenge regarding the expert witness fees of Oracle's damages expert Elizabeth Dean, the court finds that a reduction of 50% of her expert fees and costs is appropriate. The court makes this additional reduction because, prior to trial, Oracle withdrew Dean's testimony as to one of its two damages theories in response to a motion to exclude by defendants. Thus, at trial, Oracle only presented half of Dean's prepared testimony. The court finds that it would not be fair or equitable to require defendants to pay for expert witness testimony that was withdrawn in response to their challenge, especially in light of the fact that by that time in the litigation, defendants had already deposed Dean, rebutted her report with an expert of their own, and filed a motion to exclude her report. Defendants should not bear the costs of creating the withdrawn portions of Dean's expert report. Therefore, reducing Oracle's request for costs by 50% for the expert witness costs of Elizabeth Dean ($1,812,066.02 to $906,033.01) and 25% for the rest of Oracle's requested non-taxable costs ($15,824,689.66 to $11,868,517.25), the court finds that Oracle is entitled to recover $12,774,550.26 in additional non-taxable costs for this action. Accordingly, the court shall grant Oracle's motion for

attorneys' fees and costs and award Oracle fees and costs in the amount of $46,227,363.36.

IT IS THEREFORE ORDERED that plaintiffs' motion for a preliminary injunction (ECF No. 900) is GRANTED in-part and DENIED in-part in accordance with this order. Plaintiffs shall have ten (10) days after entry of this order to prepare an appropriate permanent injunction that complies with the court's order and submit the same for signature.

IT IS FURTHER ORDERED that the clerk of court shall enter judgment in favor of plaintiffs Oracle America, Inc. and Oracle International Corporation and against defendants Rimini Street, Inc. and Seth Ravin on plaintiffs' ninth cause of action for unfair competition in violation of California's Unfair Competition Law.

IT IS FURTHER ORDERED that plaintiffs' motion for prejudgment interest (ECF No. 910) is GRANTED in-part and DENIED in-part in accordance with this order. Plaintiffs shall have ten (10) days after entry of this order to prepare an appropriate order setting prejudgment interest that complies with the court's order and submit the same for signature.

IT IS FURTHER ORDERED that plaintiffs' motion for attorneys' fees and costs (ECF No. 917) is GRANTED in accordance with this order. The clerk of court shall enter an award of attorneys' fees and costs in favor of plaintiffs Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation and against defendants Rimini Street, Inc. and Seth Ravin in the amount of $46,227,363.36.

IT IS SO ORDERED.

DATED this 21st day of September, 2016.

s/Larry R. Hicks

LARRY R. HICKS
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation, Plaintiffs, v. RIMINI STREET, INC., a Nevada corporation; and SETH RAVIN, an individual, Defendants.	Case No. 2:10-cv-0106-LRH-VCF **FED. R. CIV. P. 58 FINAL JUDGMENT IN A CIVIL ACTION**

Whereas this action was tried by a jury with the Hon. Larry R. Hicks presiding, and the jury rendered a verdict on October 13, 2015, and whereas further matters were heard by Judge Hicks and a decision was rendered on September 21, 2016, it is hereby ORDERED, ADJUDGED, and DECREED:

That Defendant Rimini Street, Inc. shall pay Plaintiff Oracle International Corporation the amount of $ 58,299,437.61 (representing $35,600,000 plus $22,691,741.52 in prejudgment interest through October 17, 2016 plus $7,696.36 for each additional day after October 17, 2016 until judgment is entered);

That Defendants Rimini Street, Inc. and Seth Ravin shall pay Plaintiff Oracle International Corporation the amount of $ 7,671,846.99 (representing $5,600,000 plus $2,071,005.46 in prejudgment interest through October 17, 2016 plus $841.53 for each additional day after October 17, 2016 until judgment is entered);

That Defendants Rimini Street, Inc. and Seth Ravin shall pay Plaintiff Oracle America, Inc. the amount of $ 12,092,748.86 (representing $8,827,000 plus $3,264,422.40 in prejudgment interest through October 17, 2016 plus $1,326.46 for each additional day after October 17, 2016 until judgment is entered);

That Defendants Rimini Street, Inc. and Seth Ravin shall pay Plaintiffs Oracle America, Inc., and Oracle International Corporation attorneys' fees and costs in the amount of $46,227,363.36;

That Defendants Rimini Street, Inc. and Seth Ravin shall pay post judgment interest on all amounts specified herein at the rate described in 28 U.S.C. § 1961 from the date of entry through the date of payment; and,

That Defendants Rimini Street, Inc. and Seth Ravin are enjoined in accordance with the permanent injunction set forth at ECF No. 1065.

SO ORDERED.

DATED this 18th day of October, 2016.

LANCE S. WILSON, CLERK

/s/

BY: Deputy Clerk

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation, *Plaintiffs-Appellees,* v. RIMINI STREET, INC., a Nevada corporation; and SETH RAVIN, an individual, *Defendants-Appellants.*	Nos. 16-16832 16-16905 D.C. No. 2:10-cv-00106-LRH-VCF OPINION

Appeals from the United States District Court
for the District of Nevada
Larry R. Hicks, District Judge, Presiding

Argued and Submitted July 13, 2017
San Francisco, California

Filed January 8, 2018

Before: Susan P. Graber and Michelle T. Friedland, Circuit Judges, and Jeremy D. Fogel,* District Judge.

* The Honorable Jeremy D. Fogel, United States District Judge for the Northern District of California, sitting by designation.

SUMMARY**

Copyright

The panel affirmed in part, reversed in part, and vacated in part the district court's judgment after a jury trial in favor of Oracle USA, Inc., on its copyright infringement and California and Nevada state law claims against Rimini Street, Inc., a provider of third-party support for Oracle's enterprise software, and Seth Ravin, Rimini's CEO.

Oracle licenses its software and also sells its licensees maintenance contracts. The maintenance work includes software updates. In order to compete effectively with Oracle's direct maintenance services, Rimini needed to provide software updates to its customers. With Oracle's knowledge, Rimini copied Oracle's copyrighted software in order to provide the updates. Rimini obtained software from Oracle's website with automated downloading tools in direct contravention of the terms of the website.

The panel affirmed the district court's partial summary judgment and partial judgment after trial on Oracle's claims that Rimini infringed its copyright by copying under the license of one customer for work performed for other existing customers or for

** This summary constitutes no part of the opinion of the court. It has been prepared by court staff for the convenience of the reader.

unknown or future customers, rather than restricting such copying to work for that particular customer. The panel concluded that Rimini's activities were not permissible under the terms of the licenses Oracle granted to its customers. The panel rejected Rimini's argument that holding it accountable for its alleged conduct would condone misuse of Oracle's copyright.

The panel reversed the district court's judgment after trial with respect to Oracle's claims under the California Comprehensive Data Access and Fraud Act, the Nevada Computer Crimes Law, and California's Unfair Competition Law. The panel held that taking data from a website, using a method prohibited by the applicable terms of use, when the taking itself generally is permitted, does not violate the CDAFA or the NCCL. Accordingly, Rimini did not violate these computer abuse statutes by using automated tools to take data in direct contravention of Oracle's terms of use. Because the district court granted judgment in favor of Oracle on Oracle's Unfair Competition Law claim based on its finding that Rimini violated the CDAFA, the panel reversed the district court's determination that Rimini violated California's Unfair Competition Law.

The panel reduced the district court's award of damages by the amount based on Rimini's alleged violation of the CDAFA and NCCL. The panel affirmed the district court's award of prejudgment interest on the copyright claims.

The panel reversed the district court's permanent injunction based on alleged violations of the CDAFA. The panel vacated the district court's permanent injunction based on copyright infringement because the district court assessed the

relevant factors by reference to both the copyright and the CDAFA claims, without considering separately the propriety of issuing an injunction as to the copyright claims alone.

The panel reversed the district court's judgment with respect to Ravin's liability for attorneys' fees. As to Rimini, the panel vacated the fee award and remanded for reconsideration in light of Oracle's more limited success at litigation in view of the panel's conclusion that there was no violation of the state computer laws.

The panel reduced the district court's award of taxable costs and affirmed its award of non-taxable costs.

COUNSEL

Mark A. Perry (argued) and Jeremy M. Christiansen, Gibson Dunn & Crutcher LLP, Washington, D.C.; Blaine H. Evanson, Joseph A. Gorman, and Joseph C. Hansen, Gibson Dunn & Crutcher LLP, Los Angeles, California; for Defendants-Appellants.

Paul D. Clement (argued), Erin E. Murphy, and Matthew D. Rowen, Kirkland & Ellis LLP, Washington, D.C.; William A. Isaacson and Karen L. Dunn, Boies Schiller & Flexner LLP, Washington, D.C.; Thomas S. Hixson and John A. Polito, Morgan Lewis & Bockius LLP, San Francisco, California; David B. Salmons, Morgan Lewis & Bockius LLP, Washington, D.C.; for Plaintiffs-Appellees.

Jamie Williams and Aileen Nguyen, San Francisco, California, as and for Amicus Curiae Electronic Frontier Foundation.

OPINION

FOGEL, District Judge:

Oracle USA, Inc. and related entities (collectively, "Oracle") licenses its proprietary enterprise software for a substantial one-time payment. Oracle also sells its licensees maintenance contracts for the software that are renewed on an annual basis. The maintenance work includes software updates, which Oracle makes available to purchasers of the contracts through its support website.

At all relevant times, Rimini Street, Inc. ("Rimini") provided third-party support for Oracle's enterprise software, in lawful competition with Oracle's direct maintenance services. But in order to compete effectively, Rimini also needed to provide software updates to its customers.[1] Creating these software updates inherently required copying Oracle's copyrighted software, which, unless allowed by license, would be copyright infringement. With Oracle's knowledge, Rimini in fact did copy the software to provide the updates. At least from late 2006 to early 2007, Rimini obtained software from Oracle's website with automated downloading tools in direct contravention of the terms of use of the website.

[1] All of Rimini's customers pertinent to this dispute were licensees of Oracle's software, but not all licensees of Oracle's software are Rimini's customers. To avoid confusion, we will use the word "customers" to refer to the subset of Oracle's licensees who did contract or might contract with Rimini for the maintenance of Oracle's software.

Oracle filed suit against Rimini and Rimini's CEO, Seth Ravin ("Ravin"), in the District of Nevada in 2010. After lengthy and sometimes contentious discovery and motion practice, the district court granted partial summary judgment to Oracle on certain aspects of Oracle's copyright infringement claim, and a jury found in favor of Oracle on others after trial. The jury also found against both Rimini and Ravin with respect to Oracle's claims under the California Comprehensive Data Access and Fraud Act ("CDAFA") and the Nevada Computer Crimes Law ("NCCL") (collectively, the "state computer laws"). Based on the jury's determination with respect to the CDAFA claim, the district court entered judgment against Rimini and Ravin under California's Unfair Competition Law ("UCL"). The jury awarded damages in the sum of $50,027,000 which, when prejudgment interest, attorneys' fees and costs were added, resulted in a total monetary judgment of $124,291,396.82. The district court also issued an extensive permanent injunction. Rimini subsequently filed this timely appeal. The Electronic Frontier Foundation ("EFF") has filed an amicus brief with respect to the state computer law claims.

The first principal dispute in this case is whether Rimini copied Oracle's software in a manner that infringed Oracle's copyright. It is undisputed that Rimini used Oracle's software to develop and test updates for its customers and that the software licenses, with certain restrictions, permitted Oracle's licensees to hire Rimini to perform such work for them. There are numerous subtleties involved but, at the highest level of generality, Rimini's alleged copyright infringement included copying under the license of one customer for work for other existing customers or for unknown or future customers,

rather than restricting such copying to work for that particular customer. The second principal dispute is whether Rimini and Ravin violated applicable state laws intended to prevent computer-based fraud by flouting Oracle's restrictions against the use of automated tools to download software from its website. We also consider the appropriateness of the remedies awarded by the district court.

As explained below, we affirm the judgment with respect to the copyright infringement claims. We also affirm the remedies with respect to those claims, except that we vacate the injunction and the award of attorneys' fees and remand for reconsideration in light of this opinion. We modify the district court's award of taxable costs as the parties have agreed. We reverse the judgment with respect to Oracle's claims under the state computer laws and the UCL.

I. Copyright Infringement Claims

A. The Software in Suit[2]

Four software products are at issue: J.D. Edwards, Siebel, PeopleSoft, and Database. The products are related, but they do not perform identical functions. As the district court explained:

> Oracle's Enterprise Software platforms have both an installed database component and an installed application component. The database component

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[2] The district court specifically distinguished between Oracle's copyright in software and Oracle's copyright in the software documentation. Rimini does not appeal the jury's determination that Rimini infringed the documentation copyright.

> provides a foundation for the application software which then uses, stores, and retrieves data in the database for use across an entire organization. Oracle's Enterprise Software application programs—including its PeopleSoft, J.D. Edwards, and Siebel-branded products—are run on Oracle's Relational Database Management Software ("Oracle Database") as the database component for the programs.

Oracle USA, Inc. v. Rimini St., Inc., 6 F. Supp. 3d 1108, 1113 (D. Nev. 2014) ("*Oracle II*"). J.D. Edwards, Siebel, and PeopleSoft were acquired by Oracle from other companies, while Oracle developed Database internally.

Because of this history and because of the technical differences among them, the licensing terms of the four products are not identical. We first address J.D. Edwards and Siebel. We next turn to PeopleSoft and, finally, to Database.

B. J.D. Edwards and Siebel

Oracle's claims as to the J.D. Edwards and Siebel software were submitted to the jury. Rimini appeals the district court's denial of its motion for judgment as a matter of law following the jury's verdict. "We review de novo the district court's denial of a motion for judgment as a matter of law. A renewed motion for judgment as a matter of law is properly granted only 'if the evidence, construed in the light most favorable to the nonmoving party, permits only one reasonable conclusion, and that conclusion is contrary to the jury's verdict." *Castro v. Cty. of Los*

Angeles, 833 F.3d 1060, 1066 (9th Cir. 2016) (en banc) (citations omitted) (quoting *Pavao v. Pagay*, 307 F.3d 915, 918 (9th Cir. 2002)) (internal quotation mark omitted), *cert. denied*, 137 S. Ct. 831 (2017). "A jury's verdict must be upheld if it is supported by substantial evidence, which is evidence adequate to support the jury's conclusion, even if it is also possible to draw a contrary conclusion." *Id.* (quoting *Pavao*, 307 F.3d at 918) (internal quotation marks omitted).

Rimini challenges the jury's finding of copyright infringement with respect to these products on two grounds. First, it argues that its activities were permissible under the terms of the licenses Oracle granted to its customers. Second, it contends that holding it accountable for its alleged conduct would condone copyright misuse. Neither of these arguments is persuasive.

1. Express License Defense

As will be explained in further detail, there is no dispute that, absent an applicable license, Rimini's accused acts violated the exclusive right Oracle enjoys as owner of the software copyright to copy or to modify the software. Rimini asserts as an affirmative defense that its accused acts were expressly licensed.

The Supreme Court has explained the express license defense as follows:

> "Anyone who violates any of the exclusive rights of the copyright owner," that is, anyone who trespasses into his exclusive domain by using or authorizing the use of the copyrighted work in one of the five ways set forth in

> the statute, "is an infringer of the copyright." Conversely, anyone who is authorized by the copyright owner to use the copyrighted work in a way specified in the statute . . . is not an infringer of the copyright with respect to such use."

Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 433 (1984) (quoting 17 U.S.C. § 501(a)). Thus, "[t]he existence of a license creates an affirmative defense to a claim of copyright infringement." *Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d 1110, 1114 (9th Cir. 2000). However, "[w]hen a licensee exceeds the scope of the license granted by the copyright holder, the licensee is liable for infringement." *LGS Architects, Inc. v. Concordia Homes of Nev.*, 434 F.3d 1150, 1156 (9th Cir. 2006).

As Rimini itself did not have a license to copy or to modify from Oracle, the success of Rimini's affirmative defense turns on whether Rimini's accused acts came within the scope of licenses held by its customers.

a) Software Licenses

The pertinent provisions of the J.D. Edwards and Siebel licenses are excerpted below:

J.D. Edwards	"Customer shall not, or cause anyone else to . . . (iii) copy the Documentation or Software except to the extent necessary for Customer's archival needs and to support the Users."

Siebel	"Customer" may "reproduce, exactly as provided by [Oracle], a reasonable number of copies of the Programs and the Ancillary Programs solely for archive or emergency back-up purposes or disaster recovery and related testing."

Like the language of the licenses themselves, the district court's constructions of the two licenses when instructing the jury were similar.

The district court told the jury that it was permissible for Rimini, as a third-party, to make copies of the Oracle software to support its customers by archiving, backup, and related testing. At the same time, the district court instructed that the licenses "do[] not mean that a third party like Rimini Street is authorized to make copies of the . . . software application . . . to use the customer's software . . . to support other customers."

b) Accused Acts

(1) Background

Work produced by humans is rarely if ever perfect, and computer software is no exception. Even casual users of computers are familiar with regular software patches and updates intended to correct glitches and to modify software in light of changing circumstances.

However, unlike the off-the-shelf consumer software used by individuals in everyday life, enterprise software employed by large organizations

is customized around the organizations' specific needs. While producers of consumer software generally design updates around standard use cases and make them available for end users to download and install directly, updates to enterprise software must be tested and modified to fit with bespoke customizations before being put to actual use.

This testing process requires the creation of "development environments." A "development environment," sometimes called a "sandbox," is distinct from a "production environment," which is the "live" version of the software that members of the enterprise ultimately deploy. As the district court explained:

> In order to develop and test software updates for Enterprise Software, support service providers . . . create development environments of the software. A development environment is a software environment that contains a copy of the software program which is then modified to develop and test software updates. Given the critical nature of Enterprise Software programs, updates to the software must be fully tested and verified in a development environment before they are provided to a customer.

Oracle USA, Inc. v. Rimini St., Inc., 6 F. Supp. 3d 1086, 1092 n.4 (D. Nev. 2014) ("*Oracle I*").

In other words, the very work of maintaining customized software requires copying the software, which without a license to do so is a violation of the exclusive right of the copyright owner. Here, it is

undisputed that the licenses generally permit Oracle's licensees to maintain the software and make development environments for themselves. However, some licensees of the software, lacking either the capability or the interest, opt to outsource the work of maintenance to others, such as Rimini or even Oracle itself.

(2) "Direct Use" and "Cross Use"

Oracle alleges that Rimini engaged in two distinct types of copyright infringement with respect to J.D. Edwards and Siebel. The first has to do with the way it created development environments, under color of a license held by these particular, identifiable customers of Rimini, for that specific customer. We refer to this as "direct use."

The second is "cross use."[3] "Cross use," generally speaking, is the creation of development environments, under color of a license of one customer, to support *other* customers. There are numerous forms of "cross use." In its narrowest form, "cross use" is the making of development environments, under color of a license held by one identifiable customer of Rimini, for another identifiable customer of Rimini that also holds a license. It also may include the creation of development environments under a given license for other customers of Rimini that may themselves hold

[3] Rimini offered this description of its "cross use" in its closing statement to the jury: "If we have multiple clients with the exact same release, the same rights, we would come up with one fix and then apply it to other customers that had the exact same rights. That's the cross-use, the reusing of updates that you've heard about in this case."

licenses or even for licensees who have yet to become customers of Rimini. Rimini claims that "cross use" is not infringement, arguing that it may create environments without restriction because any organization that might hire Rimini to service its software would itself have a license to create development environments. Rimini's counsel explained at oral argument that "cross use" enabled it to reduce expense by reusing work it had done for one customer in providing service to others.

c) Analysis

Rimini argues on appeal that the jury instructions were erroneous because they suggested that certain direct uses and cross uses were prohibited while Rimini believes they were permitted.

With respect to "direct use," we may dispose quickly of Rimini's claim that the district court construed "direct use" out of the licenses. Rimini successfully persuaded the district court to include the language, "to support the customer's use," in its jury instruction about the J.D. Edwards license. The instruction concerning Siebel told the jury specifically that Rimini could hold copies of the Siebel software application "solely for customer's archive or emergency back-up purposes or disaster recovery and related testing." Rimini did not object to that instruction at trial, and, contrary to Rimini's arguments on appeal, those instructions treated these forms of direct use as permitted.

Rimini also argues, however, that the instructions should have approved expressly of other forms of direct use. The district court had no reason or need to instruct the jury that the licenses

permitted other types of direct use, because, as the district court's order shows, Rimini had represented that the only forms of direct use it engaged in were those allowed by the instruction:

> Rimini has proffered evidence that the development environments associated with [specific Siebel licensee] are used exclusively for archival and back-up purposes, and related testing, as directly contemplated by [the license].

Oracle I, 6 F. Supp. 3d at 1105 n.20; *see also id.* at 1103 (similar findings concerning J.D. Edwards). Had Rimini wanted a broader construction, Rimini should have said so in district court. Having failed to do that, Rimini cannot complain that the jury found that Rimini's direct use with respect to J.D. Edwards and Siebel exceeded the scope of the licenses.

With respect to "cross use," Rimini's assertion—made for the first time in its reply brief to us—that "cross use" is a contractual rather than a copyright issue is not properly before us. The principal case on which Rimini relies, *MDY Industries, LLC v. Blizzard Entertainment, Inc.*, 629 F.3d 928 (9th Cir. 2011), was not cited in Rimini's opening brief, and "on appeal, arguments not raised by a party in its opening brief are deemed waived," *Smith v. Marsh*, 194 F.3d 1045, 1052 (9th Cir. 1999).[4]

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[4] Even if we were to consider the applicability of *MDY Industries*, that case teaches specifically the distinction between "conditions," "the breach of which constitute copyright infringement," and "covenants," "the breach of which is actionable only under contract law." 629 F.3d at 939. Rimini

As to the substance of its position, Rimini argues that, contrary to the jury instructions, the licenses in fact permit "cross use." It observes that: 1) each of Rimini's customers had its own license; 2) each license permits copies to be made for archival and support purposes; 3) the licenses authorize the customers to outsource the archival and support work to third parties; and 4) such archival and support work includes the creation of development environments. Rimini dismisses evidence showing that it created development environments for future customers using the license of an existing customer on the basis that future customers presumably would have licenses that would permit them to hire Rimini to create development environments.

Oracle properly responds that each of the licenses at issue here "pointedly limits copying and use to supporting the '*Licensee*.'" The licenses do not authorize Rimini to "develop products *Rimini* could sell for *Rimini's* financial gain." Any work that Rimini performs under color of a license held by a customer for other existing customers cannot be considered work in support of that particular customer. The same logic applies to work Rimini performs for unknown, future customers. The licensees may hire a third party such as Rimini to maintain their software for them, but nothing in the licenses permits them to grant a nonparty to the license a general right to copy proprietary software.

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has offered no analysis as to which terms of the licenses at issue are "conditions" and which are "covenants."

2. Copyright Misuse

We turn next to the question of copyright misuse, which Rimini asserts as a defense. The copyright misuse doctrine prevents holders of copyrights "from leveraging their limited monopoly to allow them control of areas outside the monopoly." *Apple Inc. v. Psystar Corp.*, 658 F.3d 1150, 1157 (9th Cir. 2011). (quoting *A&M Records v. Napster, Inc.*, 239 F.3d 1004, 1026 (9th Cir. 2001)) (internal quotation marks omitted). To that end, while it "does prevent copyright holders from using the conditions to stifle competition," "[t]he copyright misuse doctrine does not prohibit using conditions to control use of copyrighted material." *Id.* at 1159. Accordingly, the doctrine is to be "applied . . . sparingly"; specifically, it operates when copyright holders attempt to impose license agreements that would "prevent[] . . . licensee[s] from using *any other competing product*." *Id.* at 1157 (emphasis added).

Rimini claims that holding it liable for copyright infringement would condone misuse of Oracle's copyright. In Rimini's view, the district court's pretrial construction of the licensing terms, as embodied in the jury instructions, "would foreclose competition in the aftermarket for third-party maintenance" because it would limit copies made by third parties to those made only for archival and emergency backup purposes and because the software could not be serviced simply by making exact copies. Oracle counters that the licenses "plainly do not preclude third parties from developing competing software or providing competing support services," but instead "require third parties to do so in ways that do not disregard Oracle's exclusive rights under copyright law."

We agree with Oracle. The district court did not construe the licenses to permit only archival and emergency backup purposes. For example, the jury instructions as to J.D. Edwards stated specifically:

> If you find that the copies of the J.D. Edwards software application . . . housed on Rimini Street's servers were used solely for the customer's archival needs and *to support the customer's use*, then that use is authorized by the J.D. Edwards software license agreement . . .

The district court gave similar instructions as to Siebel. ("[Y]ou are informed that the court has ruled as a matter of law that the Siebel software license agreements authorized . . . Rimini Street to make a reasonable number of copies . . . solely for the customer's archive or emergency back-up purposes or disaster recovery *and related testing*." (emphasis added)). These constructions would not preclude Rimini from creating development environments for a licensee for various purposes *after* that licensee has become a customer of Rimini.

The only remaining question is whether it would be copyright misuse to forbid Rimini from creating development environments for licensees *before* they have become customers or, in other words, whether it would contravene the policy of the Copyright Act to allow Oracle, as a copyright holder, to have a head start in making copies. The Supreme Court has held that "the right of first publication" is "an important marketable subsidiary right." *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 549 (1985). Just as a copyright holder has the "right of first publication," it also must enjoy the right of "first

copy." Giving a head start to Oracle in creating development environments is entirely consistent with the Supreme Court's teaching in *Harper*.

C. PeopleSoft

The district court granted summary judgment on Oracle's copyright claim with respect to PeopleSoft. "This Court reviews a district court's grant of summary judgment de novo. The Court must 'determine whether, viewing the evidence in the light most favorable to the nonmoving party, there are any genuine issues of material fact and whether the district court correctly applied the relevant substantive law.'" *Mitchell v. Washington*, 818 F.3d 436, 441–42 (9th Cir. 2016) (quoting *Lopez v. Smith*, 203 F.3d 1122, 1131 (9th Cir. 2000) (en banc)).

Rimini again asserts an express license defense and contends that it would be copyright misuse to hold it liable for infringement. Again, its arguments are without merit.

1. Express License Defense

The PeopleSoft license is similar to its J.D. Edwards and Siebel counterparts, but it contains an additional limitation about "[the licensee's] facilities":

PeopleSoft[5]	"Licensee may . . . make a reasonable number of copies of the Software, solely for: (i) use in accordance with the terms set forth herein . . .; (ii) archive or emergency back-up purposes; and/or (iii) disaster recovery testing purposes[.]" "PeopleSoft grants Licensee a . . . license to use the licensed Software, solely for Licensee's internal data processing operations at its facilities[.]"

Based on this limitation, the district court construed the PeopleSoft license more restrictively than the J.D. Edwards and Siebel licenses. Specifically, it stated that "[the PeopleSoft license] expressly limits copying the licensed software to only the [licensee's] facilities." *Oracle I*, 6 F. Supp. at 1097 (emphasis omitted).

Because of the difference in the construction of the pertinent licenses, the nature of Oracle's claim concerning PeopleSoft is somewhat different in character from those concerning J.D. Edwards and Siebel. Specifically, the accused act concerning PeopleSoft is the creation of development environments, whether for "direct use" or "cross use,"

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[5] Two different PeopleSoft licenses are at issue here, one belonging to the City of Flint and the other to the Pittsburgh Public Schools. The district court concluded that the two licenses have "similar" language. *Oracle I*, 6 F. Supp. 3d at 1100. On appeal, the parties make no distinction between the two licenses; the language discussed here is drawn from the license held by the City of Flint.

on Rimini's own computers, as opposed to the licensees' computers. Rimini describes this practice as "local hosting," a term that we adopt in this opinion. Rimini asserts that it does this to avoid transmission delays.

In the words of the district court, "it is undisputed that Rimini made copies of the licensed software at its own facilities and *outside the control* of the [customers]." *Id.* at 1101 (emphasis added). The district court concluded that the PeopleSoft licenses of Rimini's customers "do[] not authorize Rimini's off-site copies of the licensed software," and therefore granted summary judgment to Oracle on the copyright infringement claims as to PeopleSoft. *Id.* at 1097.

On appeal, Rimini contends that "[a licensee's] facilities" can span Rimini's own servers. In its words:

> Sophisticated companies like Oracle's customers (and Rimini's clients) do not keep all their servers on the actual premises of their principal place of business . . . . They may own some, lease others, and contract with third parties for still more capacity. All are encompassed within the plain meaning of "facilities."

We agree with Oracle that "facilities under the control of a third party" could not qualify as "the *licensee*'s facilities." It was not only sensible but also necessary for the district court to read a requirement of "control" into the definition of "[a licensee's] facilities." The record supports the district court's conclusion that the Rimini servers where the copying

took place were "outside the control of the [customers]." *Id.* at 1101. Indeed, Rimini made no showing that its customers had even constructive control of the servers.[6]

2. Copyright Misuse

As just explained, the district court concluded that Rimini infringed the PeopleSoft copyright by "local hosting," that is, by maintaining copies of PeopleSoft on its own computers as opposed to its customers' computers. *Oracle I*, 6 F. Supp. 3d at 1097. Rimini offers no argument as to why a restriction on the location of copies would stifle competition and run afoul of the copyright misuse doctrine. *Id.* Rimini's inability to "local host" may result in inconvenience and expense on its part, but that restriction on its conduct does not amount to copyright misuse. Indeed, at oral argument, Rimini admitted that the restriction against "local hosting" was one it could overcome.

D. Database

The district court also granted summary judgment for Oracle on the Database copyright infringement claim. It was undisputed that Rimini copied Oracle's copyright protected software when it built development, or non-production, environments for a number of Rimini customers using Oracle Database.

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[6] Because we address the question of infringement as to PeopleSoft on the narrow ground of "local hosting," we do not decide whether "direct use" or "cross use" was permitted by the PeopleSoft license.

Rimini's arguments on appeal with respect to Database are the same as those with respect to the other software at issue, except that here Rimini contends that its acts in fact were authorized by the Oracle License and Service Agreements ("OLSAs"). Oracle properly points out that Rimini has waived this point because it has failed to challenge the district court's legal conclusion that Rimini was not entitled to assert the OLSAs as a defense. Accordingly, we affirm the district court's determination of copyright infringement as to Database.

II. State Computer Law Claims

A. The CDAFA and the NCCL

The CDAFA is California's computer abuse law. It states, in relevant part, that:

> any person who commits any of the following acts is guilty of a public offense:
>
> . . . .
>
> (2) Knowingly accesses and without permission takes, copies, or makes use of any data from a computer, computer system, or computer network, or takes or copies any supporting documentation, whether existing or residing internal or external to a computer, computer system, or computer network.
>
> (3) Knowingly and without permission uses or causes to be used computer services.

CAL. PENAL CODE § 502(c). It provides a cause of action to "the owner or lessee of the computer, computer system, computer network, computer program, or data who suffers damage or loss by reason of a violation." *Id.* § 502(e)(1).

The NCCL is Nevada's counterpart to the CDAFA. In relevant part, it provides that "a person who knowingly, willfully and without authorization: (a) Modifies; (b) Damages; (c) Destroys; (d) Discloses; (e) Uses; (f) Transfers; (g) Conceals; (h) Takes; (i) Retains possession of; (j) Copies; (k) Obtains or attempts to obtain access to, permits access to or causes to be accessed; or (l) Enters data, a program or any supporting documents which exist inside or outside a computer, system or network" or "who knowingly, willfully and without authorization: (a) Destroys; (b) Damages; (c) Takes; (d) Alters; (e) Transfers; (f) Discloses; (g) Conceals; (h) Copies; (i) Uses; (j) Retains possession of; or (k) Obtains or attempts to obtain access to, permits access to or causes to be accessed, a computer, system or network" is guilty of a misdemeanor. NEV. REV. STAT. § 205.4761(1), (3). The NCCL also provides a civil cause of action to "[a]ny victim of [such a misdemeanor]." *Id.* § 205.511(1).

B. Accused Acts

The ultimate question as to whether Rimini and Ravin (referred to collectively in this section as "Rimini") violated the state computer laws by downloading content from Oracle's website was submitted to the jury, which found in favor of Oracle. In denying Rimini's renewed motion for judgment as a matter of law, the district court observed that Oracle had for some time "encouraged its customers to use automated downloading tools as a means to

obtain" large numbers of customer support files in a timely manner. *Oracle USA, Inc. v. Rimini St., Inc.*, 191 F. Supp. 3d 1134, 1139 (D. Nev. 2016) ("*Oracle III*"). Rimini had been doing just that when, "in response to an increased volume of mass downloads through the use of automated tools, and other server and database pressures, Oracle America changed its website's Terms of Use to specifically prohibit the use of 'any software routines commonly known as robots, spiders, scrapers, or any other automated means to access [the site] or any other Oracle accounts, systems or networks,'" a change which "prohibited the use of previously allowed automated downloading tools." *Id.* at 1139–40 (alteration in original). The evidence showed that, in response, Rimini stopped using automatic downloading tools for about a year but then "began reusing automated tools on the website in violation of the Terms of Use (terms which it had to specifically agree to when logging on to the website) in order to download full libraries of support documents and files for entire software products lines—each involving hundreds of thousands of different files." *Id.* at 1140.

C. Positions of the Parties

Rimini and EFF contend that the statutory language "without permission" should not be read in a way that criminalizes violation of a website's terms of use. As EFF puts it, "[n]either statute . . . applies to bare violations of a website's terms of use—such as when a computer user has permission *and* authorization to access *and* use the computer or data at issue, but simply accesses or uses the information in a manner the website owner does not like."

Oracle, on the other hand, urges us to read the state statutes as not requiring unauthorized access

for a violation, which appears to be how the district court construed them. *See id.* at 1143–44 (holding that Rimini's "claim that they had permission from their clients to access Oracle['s] . . . website is irrelevant" under the state statutes).

D. Analysis

We review the denial of Rimini's motion for judgment as a matter of law de novo. *Castro v. Cty. of Los Angeles*, 833 F.3d 1060, 1066 (9th Cir. 2016) (en banc).

The district court treated the two statutes as essentially identical, and for purposes of this appeal, we will take the CDAFA as representative. As the district court observed, "[w]hile the case law on the NCCL is limited, the statute covers the same conduct as the CDAFA and the same legal reasoning should apply." *Oracle III*, 191 F. Supp. 3d at 1144. The parties appear to agree with this approach; indeed, their arguments about liability do not differentiate between the two statutory schemes.

Here, there is no question that Rimini "t[ook]" and "m[ade] use of" "data." *See Oracle III*, 191 F. Supp. 3d at 1143 ("Nor do defendants contest that they took and subsequently used data from the website . . . ."). Nor is there any dispute that Oracle permitted some degree of access and taking from its website. *Id.* at 1139–40. ("[Oracle America] owns and operates a website that . . . contains millions of technical support files . . . . [T]his online database was accessible through a website that required both the customer's unique [login] and acceptance of the website's specific Terms of Use." (footnote omitted)). The central issue here is whether, by using

automated tools to take data in direct contravention of Oracle's terms of use, Rimini violated the statutes.

We hold that taking data using a *method* prohibited by the applicable terms of use, when the taking itself generally is permitted, does not violate the CDAFA. Because the same reasoning applies to the NCCL claim, we reverse the judgment as to both claims.

Oracle obviously disapproved of the method—automated downloading—by which Rimini took Oracle's proprietary information. But the key to the state statutes is whether Rimini was authorized in the first instance to take and use the information that it downloaded. *See United States v. Christensen*, 828 F.3d 763, 789 (9th Cir. 2015) (emphasis added) ("A plain reading of the [CDAFA] demonstrates that *its focus is on unauthorized taking or use of information.*").

Because it indisputably had such authorization, at least at the time it took the data in the first instance, Rimini did not violate the state statutes. This result is consistent with our decision in *Facebook, Inc. v. Power Ventures, Inc.*, 844 F.3d 1058, 1069 (9th Cir. 2016), *cert. denied*, 138 S. Ct. 313 (2017) (affirming the district court's holding that the defendant violated the CDAFA on the ground that the defendant "*without permission* took, copied, and made use of [the downloaded] data" (emphasis added)).

III. Violation of California's Unfair Competition Law

A violation of California's UCL occurs where there is a predicate offense, one of which is a violation of the CDAFA. CAL. BUS. & PROF. CODE § 17200. The district court granted judgment in favor

of Oracle on its UCL claim based on its finding that Rimini and Ravin had violated the CDAFA. Because we reverse as to the CDAFA claim, we also reverse the district court's determination that Rimini and Ravin violated the UCL.

IV. Damages[7]

The jury awarded a total of $14,427,000 to two Oracle subsidiaries based on Rimini's alleged violation of the CDAFA and NCCL. Because we have concluded that Rimini did not violate those laws, we reduce damages by this amount.

V. Prejudgment Interest

We review a district court's decision to award prejudgment interest for abuse of discretion. *Barnard v. Theobald*, 721 F.3d 1069, 1075 (9th Cir. 2013). We also review the rate used by the district court to calculate the prejudgment interest for abuse of discretion. *Blankenship v. Liberty Life Assurance Co. of Bos.*, 486 F.3d 620, 628 (9th Cir. 2007).

The district court awarded $22,491,636.16 in prejudgment interest on the copyright claims and $5,279,060.12 in prejudgment interest on the NCCL claims. Because we have concluded that Rimini did not violate the NCCL, we reverse as to the latter amount. For the reasons discussed below, we affirm as to the former.

We have held that "[g]enerally, 'the interest rate prescribed for post-judgment interest under 28 U.S.C. § 1961 is appropriate for fixing the rate of pre-

[7] Rimini does not challenge the amount of the jury's award of $35,600,000 in damages for copyright infringement.

judgment interest unless the trial judge finds, on substantial evidence, that the equities of that particular case require a different rate.'" *Blankenship*, 486 F.3d at 628 (quoting *Grosz-Salomon v. Paul Revere Life Ins. Co.*, 237 F.3d 1154, 1164 (9th Cir. 2001)).

The district court calculated its award of $22,491,636.16 based upon the Treasury rate on the date infringement began, that is, 5.07% in October 2006, rather than on the "starting point" set forth in 28 U.S.C. § 1961, that is, 0.61% in October 2016. The district court explained its deviation from the normal rate, which resulted in a difference of approximately $20,000,000, as follows:

> [T]he court finds that there is good cause to set the prejudgment interest rate at the Treasury rate on the date infringement began, rather than at the time of judgment. The court makes this finding because of the nature of the jury's award of hypothetical license damages. As the jury awarded damages to Oracle in an amount it would have received from Rimini for licensing Oracle's software at the time it began infringing Oracle's copyrights in late 2006, the court finds that this is the relevant time period for prejudgment interest. After this date, when Rimini began infringing Oracle's copyrights, Oracle lost out on the licensing fees it would have received, absent infringement. It is not equitable in the court's view to allow defendants to reap a windfall by the lower interest rates

> that are now available simply because they engaged in discovery delays and other litigation tactics (addressed more thoroughly in Oracle's motion for attorneys' fees) that kept this action in litigation for several years. Therefore, the court shall . . . set the appropriate rate for prejudgment interest under the Copyright Act as the weekly average one-year constant maturity Treasury yield at the start of the infringement.

Despite these specific findings, Rimini asserts that the district court failed to make the "exceptional case" determination that would permit it to depart from the presumptive rate set forth in 28 U.S.C. § 1961. It contends that the district court may not set the interest rate based on a defendant's bad behavior, citing our holding in *Dishman v. UNUM Life Insurance Co. of America* for the proposition that, "[a]lthough a defendant's bad faith conduct may influence whether a court awards prejudgment interest, it should not influence the rate of the interest." 269 F.3d 974, 988 (9th Cir. 2001). Rimini also asserts that the 0.61% adequately represents market rates and fully compensates Oracle's loss.

It is true that "prejudgment interest is an element of compensation, not a penalty." *Barnard*, 721 F.3d at 1078. Rimini is correct that it would have been improper for the district court to set a higher rate based on Rimini's litigation conduct alone. But considering the district court's analysis in its totality, it is apparent that the rate was based primarily on the jury's award of copyright damages based on a hypothetical license, making it appropriate to approximate the licensing fees that

Oracle "lost out on" and "would have received, absent infringement" by using the Treasury rate on the date of infringement.

The district court made an extensive and detailed record throughout many years of complex and contentious litigation. Its understandable frustration with Rimini's litigation conduct is apparent in some of the orders now before us. However, there is ample evidence in the record to support the court's award of prejudgment interest at the Treasury rate on the date infringement began. We find no abuse of discretion.

VI. Injunctive Relief

> As to [a] permanent injunction, we review the legal conclusions de novo, the factual findings for clear error, and the decision to grant a permanent injunction, as well as its scope, for an abuse of discretion. To review for abuse of discretion, "we first look to whether the trial court identified and applied the correct legal rule . . . [then] to whether the trial court's resolution of the motion resulted from a factual finding that was illogical, implausible, or without support in inferences that may be drawn from the facts in the record."

Columbia Pictures Indus., Inc. v. Fung, 710 F.3d 1020, 1030 (9th Cir. 2013) (quoting *United States v. Hinkson*, 585 F.3d 1247, 1263 (9th Cir. 2009) (en banc)).

The district court entered permanent injunctions against Rimini based on copyright infringement and against Rimini and Ravin based on alleged violations

of the CDAFA.[8] We stayed both injunctions pending resolution of this appeal.

In view of our conclusion that there was no violation of the state computer laws, we reverse as to the CDAFA injunction. As explained below, we vacate the copyright injunction and remand for reconsideration in light of our opinion.

The Supreme Court established a four-factor test that must be applied before a district court may grant a permanent injunction. *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006). Here, the district court assessed the four factors by reference to *both* the copyright and the CDAFA claims, without considering separately the propriety of issuing an injunction as to the copyright claims alone. For example, the court concluded that Rimini's "violations of state computer access statutes" contributed to an "irreparable injury" to Oracle's business reputation and goodwill.

Based on the record before us, we do not know how the district court would weigh the *eBay* factors with respect to the copyright claims alone. We express no view on the propriety or scope of any injunctive relief, which are matters committed to the district court's discretion in the first instance.

VII. Fees

"We review the award of fees and costs for abuse of discretion, but will overturn it if it is based on an erroneous determination of law." *Durham v.*

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[8] The injunction entered by the district court is clearly divided into separate portions. We therefore treat the injunction as if there were two separate injunctions.

Lockheed Martin Corp., 445 F.3d 1247, 1250 (9th Cir. 2006).

The district court awarded $28,502,246.40 in attorneys' fees to Oracle. It concluded that this award was appropriate under the fee-shifting provisions of the Copyright Act and the state computer laws. Although Ravin was not found liable for copyright infringement, the district court decided that Ravin was, along with Rimini, "severally and equally" liable for the award because he had violated the state computer statutes.

In view of our conclusion that there was no violation of the state computer laws, we reverse the judgment with respect to Ravin's liability for fees. As to Rimini, we vacate the fee award and remand for reconsideration in light of Oracle's more limited success at litigation.

VIII. Costs

A. Taxable Costs

The district court awarded Oracle $4,950,566.70 in taxable costs. Rimini originally asked us to reduce this award by approximately $1,700,000, contending that Oracle only requested roughly $3,200,000 in taxable costs in the district court. Oracle conceded that approximately $1,500,000 in non-taxable costs improperly was counted as taxable. About $200,000 remains in dispute.

The district court's cost award apparently was based on the following chart it received from Oracle:

Attorneys' Fees	**DKt. 996. Ex. 1**	**Adjustments**	**Final**
Bingham and Morgan Lewis	$18,695.129.67[1]		$18.695.129.67
Boles Schiller	$12.542.840.00[2]	*-$6,480.00*[3]	$12.536,360.00
H5 & Huron	$4,360,943.20[4]		$4.360.943.20
Other (Black Letter, Barg Coffin)	$28,895.12[5]		$28.895.12
TOTAL ATTORNEYS' FEES	$35.627.807.99		**$35,621,327.99**
Taxable Costs			
Deposition Costs	$192.999.70[6]		$192.999.70
Stroz Fees for Oracle Productions	$4.757.561.00[7]	*-$1.515,279.45*[8]	$3.242.281.55
TOTAL TAXABLE COSTS	$4.950.560.70		$3,435,281.25

The district court evidently read the wrong column when it awarded $4,950,566.70 in taxable costs. Given the parties' agreement that Oracle is entitled to about $3,200,000 in taxable costs, the remaining dispute involves $192,999.70 in deposition costs. Because Rimini's briefs articulate no basis for our doing so, we do not disturb the district court's inclusion of these expenses in the taxable cost award. We thus reduce the award to $3,435,281.25.

B. Non-taxable Costs

Title 17 U.S.C. § 505 provides:

> In any civil action under [the Copyright Act], the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

By contrast, 28 U.S.C. § 1920 identifies only six categories of costs that are taxable against the losing party.

In *Twentieth Century Fox v. Entertainment Distribution*, we held that, because 17 U.S.C. § 505 permits the award of *full* costs, the award of costs under § 505 is not limited to the categories of costs described in 28 U.S.C. § 1920. 429 F.3d 869, 885 (9th Cir. 2005). Here, relying expressly on *Twentieth Century Fox*, the district court awarded Oracle $12,774,550.26 in non-taxable costs.

Rimini contends that *Twentieth Century Fox* has been abrogated by *Marx v. General Revenue Corp.*,

568 U.S. 371 (2013), and that, accordingly, the district court erred. We disagree.

We are bound by our precedent unless the theory or reasoning of the decision is "clearly irreconcilable" with a higher intervening authority, such as a decision by the Supreme Court. *Miller v. Gammie*, 335 F.3d 889, 899–900 (9th Cir. 2003) (en banc). Our decision in *Twentieth Century Fox* concerned the relationship between 17 U.S.C. § 505 and 28 U.S.C. § 1920. The Supreme Court's decision in *Marx* concerned neither statute. Instead, the Court held that 15 U.S.C. § 1692k(a)(3) is not contrary to the costs provision in Federal Rule of Civil Procedure 54(d)(1). Nothing in *Marx* is clearly irreconcilable with *Twentieth Century Fox*.

The parties shall bear their own costs on appeal.

AFFIRMED in Part, REVERSED in Part, VACATED and REMANDED in Part.

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

ORACLE USA, INC., a Colorado corporation; ORACLE AMERICA, INC., a Delaware corporation; and ORACLE INTERNATIONAL CORPORATION, a California corporation, Plaintiffs-Appellees, v. RIMINI STREET, INC., a Nevada corporation; and SETH RAVIN, an individual, Defendants-Appellants.	Nos. 16-16832 16-16905 D.C. No. 2:10-cv-00106-LRH-VCF District of Nevada, Las Vegas ORDER

Before: GRABER and FRIEDLAND, Circuit Judges, and FOGEL,* District Judge.

Judges Graber and Friedland have voted to deny the petition for rehearing en banc for Appellant Rimini Street, Inc., and Judge Fogel has so recommended.

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* The Honorable Jeremy D. Fogel, United States District Judge for the Northern District of California, sitting by designation.

The full court has been advised of the petition for rehearing en banc, and no judge of the court has requested a vote on it.

The petition for rehearing en banc for Appellant Rimini Street, Inc., is DENIED.

No. 17-1625

IN THE
Supreme Court of the United States

RIMINI STREET, INC., AND SETH RAVIN,

Petitioners,

v.

ORACLE USA, INC., ORACLE AMERICA, INC., AND ORACLE INTERNATIONAL CORPORATION,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

BRIEF FOR PETITIONERS

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QUESTION PRESENTED

Whether the Copyright Act's allowance of "full costs" (17 U.S.C. § 505) is limited to the categories and amounts of costs taxable under 28 U.S.C. §§ 1920 & 1821, or also authorizes an award of expert witness fees and other "non-taxable" expenses.

PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT

All parties to the case below are named in the caption.

Pursuant to this Court's Rule 29.6, undersigned counsel state that petitioner Rimini Street, Inc. is a publicly traded Delaware corporation. Rimini Street, Inc. has no parent company, and no publicly held company owns 10% or more of its stock.

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BRIEF FOR PETITIONERS

Petitioners Rimini Street, Inc. and Seth Ravin respectfully submit that the judgment of the United States Court of Appeals for the Ninth Circuit should be reversed insofar as it affirmed the award of $12,774,550.26 in non-taxable expenses to respondents Oracle USA, Inc.; Oracle America, Inc.; and Oracle International Corporation.

OPINIONS BELOW

The opinion of the court of appeals (JA311–46) is reported at 879 F.3d 948. The district court's post-trial opinion (JA278–308) is reported at 209 F. Supp. 3d 1200; its judgment (JA276–77) is unreported.

JURISDICTION

The court of appeals entered judgment on January 8, 2018, and denied a timely petition for rehearing on March 2, 2018. JA347–48. The petition for a writ of certiorari was filed on May 31, 2018, and granted on September 27, 2018. This Court has jurisdiction under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

Title 17 U.S.C. § 505 provides:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

This provision, as well as 28 U.S.C. §§ 1821 & 1920, are reproduced in the Addendum to this brief.

STATEMENT

After a jury trial, petitioner Rimini was found liable for "innocent" infringement of copyrights held by the Oracle respondents, while petitioner Ravin was exonerated of all liability under the Copyright Act. The district court exercised its discretion to award respondents all of their "taxable" costs—*i.e.*, those enumerated in 28 U.S.C. §§ 1920 & 1821—in the amount of $4.9 million, as well as $28.5 million in attorneys' fees. JA304–05; *see* 17 U.S.C. § 505 ("the court in its discretion may allow the recovery of full costs" and "may also award a reasonable attorney's fee to the prevailing party as part of the costs"). The district court *also* awarded $12.8 million in "non-taxable" expenses—*i.e.*, expert witness fees and other litigation expenditures that are not recoverable under 28 U.S.C. §§ 1920 & 1821. JA306. As pertinent here, the court of appeals reduced the taxable cost award to $3.4 million because of a mathematical error and affirmed the award of non-taxable expenses. JA345–46.

1. "At common law, costs were not allowed." *Alyeska Pipeline Serv. Co.* v. *Wilderness Soc'y*, 421 U.S. 240, 247 (1975). Beginning with the Statute of Gloucester, 6 Edw. I, c. 1 (1278), cost-shifting was accomplished first in England and then in America only by statute. *See* 10 Charles Alan Wright & Arthur R. Miller, *Fed. Prac. & Proc. Civ.* § 2665 (3d ed. April 2018). Without statutory authorization, courts cannot shift costs from one litigant to the other.

The first English copyright statute, the Statute of Anne, provided that the prevailing defendant in a copyright case "shall have and recover his full costs, for which he shall have the same remedy as a defendant in any case by law hath." 8 Anne c. 19, § 8 (1710); *see also* English Copyright Act of 1842, 5 & 6 Vict., ch. 45,

§ 26. The phrase "full costs" appears in English statutes as early as 1665 (*see* 17 Car. II, ch. 7, §§ 1–3 ("full Costs of Suite" in replevin actions)), and courts in England consistently interpreted the phrase "full costs" to mean the same as "ordinary costs"—a narrowly defined subset of litigation expenses, frequently referred to as "party and party" costs. *See Jamieson* v. *Trevelyan*, 24 Law Tim. Rep. 222, 222–23 (1855) (Pollack, C.B.) ("the terms 'full costs' and 'costs' mean the same thing").

When English courts said they would tax "what are known as costs 'between party and party,'" that phrase described the *scope* of costs shifted to the losing litigant. *Sprague* v. *Ticonic Nat'l Bank*, 307 U.S. 161, 165 (1939). Costs taxed as "between party and party" were only "a fixed allowance for the various steps in a suit" (*ibid.*) and were limited by statute.

The alternative mode of taxation, which permitted a court to award "as much [as] the entire expenses of the litigation of one of the parties ..., [was] technically known as costs 'as between solicitor and client.'" *Sprague*, 307 U.S. at 165. To authorize the shifting of additional expenses, English statutes provided such broader authorizations as "full costs *and expenses*" (8 & 9 Vict., ch. 18, § 126 (1845) (emphasis added)) or "all costs, *charges, and expenses*" (12 & 13 Vict. ch. 106 (1849) (emphasis added))—phrases understood to provide the winning party a "full indemnity" or the ability to tax the costs "as between attorney and client." *Avery* v. *Wood & Sons*, 65 Law Tim. Rep. 122, 123–24 (1891); *see* John Gray, *A Treatise on the Law of Costs in Actions & Other Proceedings in the Courts of Common Law at Westminster* 186 (1853).

By the mid-19th century in England, it was "established" that when a court awarded costs in the

mode of "party and party," "no costs [were] allowed ... for expenses incurred in informing the minds of witnesses and supplying them with data whereon to ground an opinion" (Gray, *A Treatise on the Law of Costs*, *supra*, at 502)—what we today would call expert witness fees. *See, e.g.*, *Severn* v. *Olive*, 3 Brod. & B. 71, 72–75 (1821).

These principles found their way into both federal and state law after the Founding.

2. From the earliest days of the Republic, federal courts could not shift the expenses of litigation to the losing party without clear statutory authorization. *Arcambel* v. *Wiseman*, 3 U.S. (3 Dall.) 306, 306 (1796) (per curiam). Congress must authorize courts to award particular expenses, including expert witness fees. *Hathaway* v. *Roach*, 11 F. Cas. 818, 820 (C.C.D. Mass. 1846) ("I am not aware that any courts" "[i]n this country" or "in England" have permitted fees to "experts and men of science" without a statute "prescrib[ing] [them] expressly").

a. The first Judiciary Act authorized cost taxation in the circuit courts (*e.g.*, *Hathaway*, 11 F. Cas. at 819), but with a caveat: If a prevailing plaintiff recovered less than $500 in actual damages, he was barred from recovering costs and could also "be adjudged to pay costs" to the other side. Act of 1789, ch. 20, § 20, 1 Stat. 73, 83. A plaintiff who prevailed and recovered more than $500 could shift his costs to the defendant.

Between 1799 and 1853, federal statutes generally did not specify *which* litigation expenses could be taxed or *in what amount*. *Alyeska Pipeline*, 421 U.S. at 248–49. During this period, federal courts looked to state law to determine the permissible scope and amounts of available costs. *Ibid.* Many state statutes,

and case law interpreting those statutes, delineated the scope and amounts of recoverable costs, and the federal courts borrowed that state law in determining the costs to tax in federal cases. *E.g.*, *Hathaway*, 11 F. Cas. at 820; *Ferrett* v. *Atwill*, 8 F. Cas. 1161, 1164 (C.C.S.D.N.Y. 1846).

State cost-shifting statutes during the 19th century frequently allowed "full costs," and they used that term as it had been used in England—to allow taxation of costs *only* in the mode of "party and party." During that period, the ordinary practice was for the state legislature to spell out which litigation expenses counted as "costs" and at what rates they could be recovered. *See*, *e.g.*, Revised Statutes of the State of Wisconsin, ch. 131, §§ 1–59 (1849); Revised Statutes of the State of Missouri, ch. 35, §§ 1–32 (1844–45); Revised Statutes of the State of Michigan, ch. 1, §§ 30–36; *id.* ch. 2, §§ 1–37 (1837); Revised Statutes of the Commonwealth of Massachusetts 1836, ch. 121, § 32; *id.* ch. 122, §§ 1–21 (1836).

The experience in 19th century New York is particularly instructive, given the preeminence of New York in publishing, printing, and entertainment during that period. *See* Eli M. Noam, *Media Ownership and Concentration in America* 144 (2009). The courts of New York served as the locus of much copyright litigation throughout the 19th century. *E.g.*, *Bullinger* v. *Mackey*, 4 F. Cas. 648, 649 (C.C.E.D.N.Y. 1877); *Blunt* v. *Patten*, 3 F. Cas. 763, 767 (C.C.S.D.N.Y. 1828).

New York's cost-shifting statute in 1830 provided for "full costs," defined as the "costs for services mentioned in this act, at and after the rate in this act before prescribed." Revised Statutes of New York, ch. X, tit. I, § 7.1 (1846–1848) (enacted in 1830); *see also id.*

§ 7.3. It was well-established that this statutory scheme shifted costs in the mode of "party and party," and strictly limited what costs could "be taxed against the unfortunate adversary." *Stevens & Cagger* v. *Adams*, 23 Wend. 57, 62 (N.Y. Sup. Ct. 1840). "Full costs" under the New York cost-shifting statute did *not* include expert witness fees, but rather permitted "fifty cents" for witness attendance and "four cents per mile going and returning," as well as "two dollars and fifty cents per day" for surveyors for their "actual service" in certain real estate cases. Revised Statutes of New York, ch. X, tit. III, §§ 49, 50.

Under New York practice, to receive "full costs" was simply to have the costs taxed *at the full amount* provided for in the relevant statute. *Rensselaer & Saratoga R.R.* v. *Davis*, 55 N.Y. 145, 149 (1873); *Linn* v. *Clow*, 1857 WL 6360 (N.Y. Sup. Ct. 1857). "Full costs" for the services listed in the statute, and at the listed rates, were in contrast to other cases where certain taxable costs were limited to "*two-thirds only of the amount prescribed for such purposes by this act*, together with other fees and disbursement allowed by law." Revised Statutes of New York, ch. X, tit. I, § 7.2 (emphasis added). Similarly, New York law provided for "double or treble costs" in other kinds of cases. *Id.* § 31 (emphasis added).

Other state statutes in the 19th century frequently used the phrase "full costs" as a means of ensuring that a party would (or could) recover all of its taxable costs despite otherwise applicable threshold requirements. Much like the $500 threshold in the first Judiciary Act, some states permitted recovery of costs only if the party secured a certain amount in damages. *E.g.*, Revised Statutes of New York, ch. X, tit. I, § 4; Revised Statutes of the State of Missouri, ch.

35, §§ 11–14; Revised Statutes of the Commonwealth of Massachusetts, ch. 121, §§ 2, 3. The phrase "full costs" was used to avoid that limit by providing that in particular cases "full costs shall be taxed for the party recovering *notwithstanding* judgment be under twenty dollars" or whatever other limitation applied. I Laws of the State of Maine, ch. LIX, § 30 (1821) (emphasis added); *see also* Revised Statutes of the Commonwealth of Commonwealth of Massachusetts, ch. 121, § 13 (the prevailing party in replevin "shall recover his full costs, without regard to the amount of damages, if any, recovered in the action").

b. The first Copyright Act did not explicitly authorize costs (*see* Act of May 31, 1790, ch. 15, 1 Stat. 124–26), and cost awards under that statute were made solely by reference to state law. *See In re Costs in Civil Cases*, 30 F. Cas. 1058, 1059 (C.C.S.D.N.Y. 1852) (explaining the practice); *Blunt*, 3 F. Cas. at 767 (awarding costs). In 1819, however, Congress gave original jurisdiction to the circuit courts over copyright cases. Act of Feb. 15, 1819, ch. 19, 3 Stat. 481, 481. As a function of that statute and the first Judiciary Act, if a successful copyright plaintiff was unable to win at least $500 in damages, he could not recover *any* costs, and, in the court's discretion, could be made to pay the costs of the other side.

In 1831, Congress amended the Copyright Act to provide that "in all recoveries under [the copyright statute,] ... *full costs* shall be allowed thereon, any thing in any former act to the contrary notwithstanding." Act of Feb. 3, 1831, ch. 16, § 12, 4 Stat. 436, 438–39 (emphasis added). Congress subsequently explained that overriding the $500 threshold in the first Judiciary Act was the *express* purpose of the phrase "full costs" in this provision. H.R. Rep. No. 2222, 60th

Cong., 2d Sess. 19 (1909); *see also* H.R. Journal, 14th Cong., 2d Sess. 175 (1816) (commissioning inquiry into this issue). Accordingly, after 1831, copyright litigants could obtain "full costs," no matter the amount of their underlying recovery. But the *categories* and *amounts* of recoverable costs remained subject to the limitations established by state law. *See Ferrett*, 8 F. Cas. at 1164 (awarding costs in federal copyright case under 1831 Copyright Act by referencing New York state law as to each item taxed, permitting some items and disallowing others).

c. The reliance on state law to determine the amount of federal cost awards led to a patchwork of inconsistent results. State statutes differed widely in terms of which costs were recoverable and at what rates, meaning that while many litigants were taxed at modest, reasonable rates, some "losing litigants ... [were] unfairly saddled with exorbitant" cost awards. *Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 565 (2012).

As a result, Congress in 1853 passed the Fee Act, aimed at eliminating "the flagrant abuses" fostered when "[o]ne system prevails in one district, and a totally different one in another." Cong. Globe App., 32d Cong., 2d Sess. app. 207 (1853) (statement of Sen. Bradbury). The Act adopted a "uniform rule" to stop the "exceedingly oppressive" size of cost awards, and to "simplify the taxation of [fees and costs], by prescribing a limited number of definite items to be allowed." *Ibid.*

By its terms, the Fee Act broadly provided "[t]hat in lieu of the compensation now allowed ... in the United States courts, to ... clerks ..., marshals, witnesses, jurors, commissioners, and printers, in the

several States, the following and no other compensation shall be taxed and allowed." Act of Feb. 26, 1853, ch. 80, 10 Stat. 161, 161. This Court has recognized that the Fee Act created a "uniform scale of fees for 'party and party' costs in the federal courts." *Sprague*, 307 U.S. at 165 n.2; *see also Alyeska*, 421 U.S. at 251–52 ("a far-reaching Act specifying in detail the nature and amount of the taxable items of cost in the federal courts").

"The sweeping reforms of the 1853 Act [were then] carried forward to today, 'without any apparent intent to change the controlling rules.'" *Crawford Fitting Co.* v. *J.T. Gibbons, Inc.*, 482 U.S. 437, 440 (1987) (quoting *Alyeska*, 421 U.S. at 255). "Title 28 U.S.C. § 1920 now embodies Congress' considered choice as to the kinds of expenses that a federal court may tax as costs against the losing party" (*ibid.*), while Section 1821 sets limits on the amounts of some of those cost categories. These two statutes "comprehensively regulate[]" costs "in the federal courts" (*ibid.*), and "define the full extent of a federal court's power to shift litigation costs absent express statutory authority to go further." *W. Va. Univ. Hosps., Inc.* v. *Casey*, 499 U.S. 83, 86 (1991).

Section 1920 today sets out six discrete and exclusive categories of taxable costs:

- fees for the clerk and marshal;
- transcript fees;
- disbursements for printing and witnesses;
- fees for making copies;
- docketing fees; and
- the compensation of court-appointed experts and certain special interpretation services.

28 U.S.C. § 1920(1)–(6). Section 1821, in turn, delineates witness attendance rates ($40 per day), as well as per diem rules for witness travel expenses. *Id.* § 1821(a)–(f).

All other categories of fees and expenses (or amounts in excess of the fixed rates) are considered "non-taxable," meaning that—in the absence of explicit congressional command—they *cannot be shifted* and must be borne by the party who incurred them. *See, e.g.*, *Arlington Cent. Sch. Dist. Bd. of Educ.* v. *Murphy*, 548 U.S. 291, 297–98, 301 (2006). As this Court explained at the time the Fee Act was adopted, "the legal taxed costs" in litigation across the country have always been "far below the real expenses incurred by the litigant." *Day* v. *Woodworth*, 54 U.S. (13 How.) 363, 372 (1851); *see also Taniguchi*, 566 U.S. at 573 ("taxable costs" are "limited" and "modest in scope").

d. In successive iterations of the Copyright Act, Congress has simply carried forward the "full costs" language from the 1831 enactment with no substantive change (*see, e.g.*, Act of 1870, ch. 230, § 108, 16 Stat. 198, 215), including through the major copyright law revisions in the Copyright Act of 1909 (Pub. L. No. 60-349, ch. 320, § 40, 35 Stat. 1075, 1084). Courts recognized that the "[f]ull costs" available under the 1909 Act remained the "ordinary costs" taxable in litigation. *Official Aviation Guide Co.* v. *Am. Aviation Assocs.*, 162 F.2d 541, 543 (7th Cir. 1947); *see also Balcaen* v. *Herschberger*, 415 F. Supp. 333, 334 (E.D. Wis. 1976) (party "entitled to recover his costs" under 1909 Act); *Goldman-Morgen, Inc.* v. *Dan Brechner & Co.*, 411 F. Supp. 382, 392 (S.D.N.Y. 1976) (awarding simply "costs" under 1909 Act); *Basevi* v. *Edward*

O'Toole Co., 26 F. Supp. 41, 50 (S.D.N.Y. 1939) (prevailing party was "entitled under the Copyright Act to full costs which includes *all taxable* disbursements" (emphasis added)); *Bullinger* v. *Mackey*, 4 F. Cas. 648, 649 (C.C.E.D.N.Y. 1877) (noting "the meagre costs allowed by the laws of the United States" in copyright action).

Congress undertook another major revision of the Copyright Act in 1976, adopting the substance of the statutory provision applicable today. As recodified, the cost-shifting provision now provides that district courts "may allow the recovery of full costs by or against any party other than the United States or an officer thereof," and may also "award a reasonable attorney's fee to the prevailing party as part of the costs." 17 U.S.C. § 505. Again, courts recognized that the statutory authorization to award costs remained limited to taxable costs. *See, e.g.*, *NLFC, Inc.* v. *Devcom Mid-Am., Inc.*, 916 F. Supp. 751, 762 (N.D. Ill. 1996) ("Caselaw interpreting ... the precursor of § 505, has never accorded courts more discretion because of the word 'full'"); *Stevens Linen Assocs., Inc.* v. *Mastercraft Corp.*, 1981 WL 1426, at *3 (S.D.N.Y. Feb. 17, 1981) (holding that 1976 Act's "full costs" were merely a recodification of 1909 Act's "full costs," and that such costs were limited "under 28 U.S.C. § 1920").

The two courts of appeals to initially consider the question presented in this case—*i.e.*, whether the Copyright Act authorizes courts to shift non-taxable expenses—concluded that "full costs" in 17 U.S.C. § 505 are limited to taxable costs under 28 U.S.C. §§ 1920 & 1821, and do not include (for example) expert witness fees. *Pinkham* v. *Camex, Inc.*, 84 F.3d 292, 295 (8th Cir. 1996) (per curiam); *Artisan Contractors Ass'n of*

Am., Inc. v. *Frontier Ins. Co.*, 275 F.3d 1038, 1040 (11th Cir. 2001) (per curiam). The Ninth Circuit subsequently "disagree[d]" with those decisions and ruled that non-taxable expenses may be shifted under the Copyright Act. *Twentieth Century Fox Film Corp.* v. *Entm't Distrib.*, 429 F.3d 869, 885 (9th Cir. 2005).

3. Rimini engages "in lawful competition" with Oracle by, among other things, providing third-party support for various enterprise software programs, the related copyrights for which are owned by respondents. JA315. "[U]nlike the off-the-shelf consumer software used by individuals in everyday life, enterprise software employed by large organizations is customized around the organizations' specific needs." JA321–22. Thus, for instance, "[w]hile producers of consumer software generally design updates around standard use cases and make them available for end users to download and install directly, updates to enterprise software must be tested and modified to fit with bespoke customizations before being put to actual use." JA322. Much as one can take a car for service to the dealership or an independent auto mechanic, Oracle's licensees can shop around for aftermarket support, and sometimes they choose Rimini.

a. In 2010, respondents filed suit against petitioners, attempting to squelch the new competition in the market for support services. Respondents alleged numerous causes of action, including copyright infringement. JA316. On that claim, petitioners defended themselves principally on the basis that Oracle's customers' license agreements permit third-party support, a point which respondents have always begrudgingly conceded. Petitioners' position was that its various support practices were based on reasonable interpretations of the license agreements, while

respondents contended that Rimini's activities were outside the scope of the license agreements and thus constituted infringement.

The jury found Rimini, but not Ravin, liable for "innocent[ly]" infringing respondents' copyrights. JA262, JA266, JA316. (The jury exonerated Ravin under the Copyright Act.) As the jury instructions stated, "innocent infringement" meant that Rimini "was not aware that its acts constituted infringement" *and* that it further "had *no reason to believe* that its acts constituted ... infringement." JA255–56 (emphasis added). The jury awarded hypothetical license damages of $35.6 million under the Copyright Act. JA338 & n.7.

b. After trial, respondents moved for an "extensive permanent injunction" (JA316), for approximately $35 million in attorneys' fees (JA294), more than $20 million in costs (JA294), and over $22 million in prejudgment interest (JA309, JA338).

Respondents sought $4.9 million in taxable costs for items that fell within the purview of 28 U.S.C. §§ 1920 & 1821. JA273. The district court awarded all of those costs. JA306–07. Respondents *also* requested $7,820,091.36 in "Expert Fees," $314,838.09 in "Consultant Fees," $8,271,552.59 in "Electronic Discovery Costs," and $1,230,273.64 in "Other Non-Taxable Costs," for a total of $17,636,755.68 in what they called "Non-Taxable Costs." JA273–74. The district court reduced the fees for one of the experts and also applied an across-the-board reduction of 25% because respondents did not properly document some of the claimed expenses, resulting in a total award of "$12,774,550.26" for what the court called "non-taxable costs." JA306.

Petitioners objected to the award of non-taxable expenses, arguing that any award under the Copyright Act should be limited to taxable costs permitted by 28 U.S.C. §§ 1920 & 1821. *See* C.A. App. 180. The district court, however, relied on the Ninth Circuit's decision in *Twentieth Century Fox* to rule that the Copyright Act "permits a successful plaintiff to recover *all costs* incurred in litigation, not just taxable costs authorized by ... 28 U.S.C. § 1920." JA305 (emphasis added).

c. On appeal, the Ninth Circuit "narrow[ly]" affirmed the copyright infringement verdict (JA332 n.6), and vacated the permanent injunction and fee award, remanding to the district court to reconsider these awards "in light of [respondents'] more limited success at litigation." JA343. The court also ordered a reduction in the taxable cost award (from $4.9 million to $3.4 million, because the district court made a mathematical error in calculating the taxable costs), and affirmed the award of prejudgment interest on the copyright damages. JA343, JA345–46.

But the Ninth Circuit declined to disturb the award of "$12,774,550.26 in non-taxable costs," relying on its previous decision in *Twentieth Century Fox*, which "held that, because 17 U.S.C. § 505 permits the award of *full* costs, the award of costs under § 505 is not limited to the categories of costs described in 28 U.S.C. § 1920." JA345. In response to petitioners' submission that *Twentieth Century Fox* cannot be reconciled with this Court's case law, the panel held: "[w]e are bound by our precedent." JA346.

SUMMARY OF THE ARGUMENT

The Ninth Circuit erred by affirming an award of $12.8 million in expert witness fees, jury consulting fees, e-discovery expenses, and other non-taxable expenses of litigation, because Congress did not authorize the shifting of such expenses under the Copyright Act, 17 U.S.C. § 505. That part of the judgment below should therefore be reversed.

I. When Congress authorizes an award of "costs," as it did in 17 U.S.C. § 505, courts are permitted to award only the discrete litigation expenditures listed in 28 U.S.C. §§ 1920 & 1821—*i.e.*, "taxable" costs. Congress uses other words (such as "fees" and "expenses") to authorize expert witness fees and other non-taxable expenses.

A. The statutory text and structure, this Court's precedents on cost-shifting, and the history of "full costs" provisions all demonstrate that 17 U.S.C. § 505 is limited to taxable costs under Sections 1920 and 1821.

1. There are just two words at issue here—"full" and "costs." 17 U.S.C. § 505. "Full" denotes that the limits of something have been reached (a "full deck of cards"). The real question concerns "costs." The meaning of that word is well-established in the tripartite taxonomy of "costs," "fees," and "expenses": "Costs" is a reference to the limited litigation expenditures covered by Sections 1920 and 1821 as taxable costs and does not include, for instance, expert witness fees or other unenumerated expenses. *Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 573 (2012).

2. The Copyright Act reflects this traditional taxonomy by providing first for "full costs" and later for an "attorney's fee." 17 U.S.C. § 505. Section 505 does

not permit the shifting of expert witness fees, jury consulting fees, or other non-taxable expenses. Otherwise, there would have been no point in Congress separately providing for attorneys' fees, as they would already be encompassed in "full costs."

3. In an important trilogy of decisions—*Crawford Fitting Co.* v. *J.T. Gibbons, Inc.*, 482 U.S. 437 (1987), *West Virginia University Hospitals, Inc.* v. *Casey*, 499 U.S. 83 (1991), and *Arlington Central School District Board of Education* v. *Murphy*, 548 U.S. 291 (2006)—this Court established a clear rule under which "*no statute* will be construed as authorizing the taxation of" litigation expenses outside the scope of Sections 1920 and 1821 "unless the statute refer[s] *explicitly*" to those categories of expenses. *Murphy*, 548 U.S. at 301 (emphases added). These cases also recognize that "costs" is a term of art in federal law, and means (absent express contrary command) the categories of taxable costs enumerated in Sections 1920 and 1821.

4. The Eighth and Eleventh Circuits properly applied the *Crawford Fitting* rule to hold that nothing about the words "full costs" makes explicit reference to expert witness fees. *Pinkham* v. *Camex, Inc.*, 84 F.3d 292, 295 (8th Cir. 1996) (per curiam); *Artisan Contractors Ass'n of Am., Inc.* v. *Frontier Ins. Co.*, 275 F.3d 1038, 1040 (11th Cir. 2001) (per curiam). The Ninth Circuit, in contrast, held that "full costs" amounts to an explicit statement by Congress, authorizing the shifting of all costs, fees, and expenses in litigation. *Twentieth Century Fox Film Corp.* v. *Entm't Distrib.*, 429 F.3d 869, 885 (9th Cir. 2005). The Ninth Circuit's reasoning—that this construction is necessary to avoid rendering the word "full" superfluous—is errant. It ignores that "full" is an adjective modifying the operative term of art "costs," and that "full" is

not superfluous because it constrains district court discretion regarding the *amount* of taxable costs that can be awarded.

B. The conclusion that "full costs" are limited to taxable costs under 28 U.S.C. §§ 1920 & 1821 is inescapable in light of the history of that phrase in cost-shifting statutes.

1. The phrase "full costs" came from England, where it had a centuries-long meaning as ordinary taxable costs, excluding any award of expert witness fees. John Gray, *A Treatise on the Law of Costs in Actions & Other Proceedings in the Courts of Common Law at Westminster* 502 (1853). As Baron Pollack observed, "the terms 'full costs' and 'costs' mean the same thing." *Jamieson* v. *Trevelyan*, 24 Law Tim. Rep. 222, 223 (1855).

2. State statutory law and practice in America is consistent with that history. The word "full" in "full costs" referred to the *amount* of the listed, taxable costs (*i.e.*, whether the party would recover at the full statutory rate or something less). *E.g.*, Revised Statutes of New York, ch. X, tit. I, § 7.1 (1846–1848) (enacted in 1830). Federal courts followed state-law practice in awarding costs until 1853.

3. The Fee Act of 1853 displaced the state-law-dependent regime in favor of a uniform, exhaustive federal regime. Courts afterward, under the "full costs" provision of the 1870 and 1909 Copyright Acts, viewed them as simply taxable costs. The 1976 Act made costs discretionary, but did not otherwise change the meaning of "full costs."

4. What statutory and legislative history exists demonstrates that the phrase "full costs" was inserted into the Copyright Act of 1831 (and carried forward)

to overturn a limitation in federal law that barred circuit court litigants who recovered less than $500 in damages from receiving any costs. H.R. Rep. No. 2222, 60th Cong., 2d Sess. 19 (1909). Nothing in this history indicates any intent to shift non-taxable fees and expenses through the words "full costs."

II. The textual, structural, precedential, and historical arguments are sufficient bases for reversing the decision below. To the extent policy considerations are even relevant, they cut sharply against the Ninth Circuit's position.

1. The *Crawford Fitting* rule advances the separation of powers by requiring Congress to express its policy decisions. *Epic Sys. Corp.* v. *Lewis*, 138 S. Ct. 1612, 1624 (2018). Moreover, because costs were not allowed at common law, cost-shifting is not a power the federal courts possess absent statutory authorization. This Court has made clear with respect to the Copyright Act in particular that it will not deviate from the American Rule without an explicit statutory command instructing it to do so. *Fogerty* v. *Fantasy, Inc.*, 510 U.S. 517, 534 (1994).

2. Adopting the Ninth Circuit's approach would inexplicably treat copyright cost recovery differently from federal patent and trademark cost recovery, both of which are limited by 28 U.S.C. §§ 1920 & 1821. These intellectual property laws should be interpreted in parallel. *E.g.*, *eBay Inc.* v. *MercExchange, L.L.C.*, 547 U.S. 388, 392 (2006).

3. Shifting all fees and expenses to the losing party in copyright cases would not be an "administrable" rule, in no small part because it would violate this Court's "oft-stated concern that an application for"

costs and fees "should not result in a second major litigation." *Kirtsaeng* v. *John Wiley & Sons*, Inc., 136 S. Ct. 1979, 1987 (2016). "[T]he assessment of costs" should be "merely a clerical matter that can be done by the court clerk." *Taniguchi*, 566 U.S. at 573. But under respondents' view, the assessment of "full costs" will take on a life of its own, as it already has in the Ninth Circuit and as this case demonstrates.

4. Because respondents are unable to defend the decision below on the merits, they may again try to distract the Court with *ad hominem* attacks against petitioners. *See* Br. in Opp. 22–24. This narrative is factually false, contrary to the jury verdict and the court of appeals' ruling, and legally irrelevant—either Congress authorized the shifting of all costs, fees, and expenses under Section 505 or it did not. Respondents' misplaced emphasis on district court "discretion" underscores that they are advocating for exactly what Congress tried to *stop* in 1853—"great diversity in practice among [the federal district] courts." *Taniguchi*, 566 U.S. at 565. Rejecting respondents' view would enhance national uniformity both in copyright litigation and in federal cost-shifting law.

For all of these reasons, the judgment of the court of appeals should be reversed insofar as it affirmed the award of $12.8 million in non-taxable expenses to respondents.

ARGUMENT

As this Court has repeatedly recognized, Congress consistently uses three different terms to refer to the amounts spent by one party in litigation that, depending on the statute at issue, might be shifted to its adversary at the end of the case:

- "*Costs*" means the "taxable" costs enumerated in 28 U.S.C. § 1920 (transcripts, copies, docketing charges, etc.) and quantified in 28 U.S.C. § 1821;
- "*Fees*" means the amounts charged by professional service providers, such as attorneys, expert witnesses, and consultants; and
- "*Expenses*" means expenditures other than costs and fees, such as electronic discovery matters.

E.g., *Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 573 (2012); *Arlington Cent. Sch. Dist. Bd. of Educ.* v. *Murphy*, 548 U.S. 291, 297–98 (2006). Applying this tripartite taxonomy here requires reversal.

The Copyright Act authorizes the award of "full costs." 17 U.S.C. § 505. The *noun* chosen by Congress is "costs," which means taxable costs as set forth in 28 U.S.C. §§ 1920 & 1821. The *adjective* Congress used to modify costs is "full," which means the entire amount of those taxable costs. The question of statutory construction presented here is no more complicated than that. Respondents were entitled to (and have already been paid) the entirety of their $3.4 million in taxable costs. They were not entitled to (and must, therefore, refund) the $12.8 million in non-taxable fees and expenses that the district court also awarded. Accordingly, the Ninth Circuit's affirmance of that award should be reversed.

I. The Copyright Act's Authorization For "Full Costs" Is Limited To Taxable Costs.

Congress knows how to shift costs, and it knows how to shift attorneys' fees and expert witness fees, and it knows how to shift other expenses. Whenever Congress wants to make one party pay the other party's fees or other expenses in litigation, it says so by explicitly authorizing the courts to award "fees" or "expenses." But when Congress wants to authorize only the discrete categories of taxable costs under 28 U.S.C. §§ 1920 & 1821, it says, as it did in the Copyright Act, "costs." The additional word "full" modifies the amount of such costs; it does not expand the categories of expenditures that are recoverable. Indeed, there is a centuries-long tradition both in England and America interpreting "full costs" in just such a manner. The statutory text and structure, in light of that history, compel reversal.

A. The Statutory Text and Structure Establish That "Full Costs" Means Taxable Costs.

1. This Court "always turn[s] first" to "the words of [the] statute," because "courts must presume that a legislature says in a statute what it means and means in a statute what it says there." *Conn. Nat'l Bank* v. *Germain*, 503 U.S. 249, 253 (1992). Thus, this Court will "enforce plain and unambiguous statutory language according to its terms." *Hardt* v. *Reliance Standard Life Ins. Co.*, 560 U.S. 242, 251 (2010). Here, "the plain text of" the Copyright Act "supplies a ready answer" to the question presented. *SAS Inst., Inc.* v. *Iancu*, 138 S. Ct. 1348, 1354 (2018).

The first sentence of Section 505 authorizes district courts to award "full costs." 17 U.S.C. § 505. The

Court has just two words to interpret—"full" and "costs."

"Full," in its adjectival form, means either having all that can be contained (a "full tank of gas") or complete (a "full set of teeth"). *See, e.g.*, *The Compact Oxford English Dictionary* 642 (2d ed. 1994); *Webster's Second New International Dictionary* 1017 (1943); Noah Webster, *An American Dictionary of the English Language* 39 (1828). It is a term of quantity or amount, generally denoting that the limits of whatever is being modified have been reached ("full throttle," "full load," "full strength," etc.). A "full deck" of standard playing cards contains 52 cards, no more and no fewer.

The real question is what "costs" means, for that is the noun that "full" is modifying in the Copyright Act. As the Court explained only a few years ago, "[a]lthough 'costs' has an everyday meaning synonymous with 'expenses,'" the term "costs" in federal cost-shifting statutes "is more limited," representing only "a fraction of the nontaxable expenses borne by litigants for attorneys, experts, consultants, and investigators." *Taniguchi*, 566 U.S. at 573. In federal cost- and fee-shifting statutes, the word "costs" means *taxable* costs, as defined in 28 U.S.C. §§ 1920 & 1821. When Congress wants to authorize awards of additional expenditures, it uses the words "fees" or "expenses" to make clear the departure from taxable costs.

Thus, to resolve the question presented in this case, the Court need look no further than the tripartite taxonomy it has *already* established in a line of precedents construing the three "related" but nonetheless "distinguished" terms used throughout federal statutory law—"costs, fees, and expenses." 10 Charles

Alan Wright & Arthur R. Miller, *Fed. Prac. & Proc. Civ.* § 2665 (3d ed. April 2018).

First, "costs" refers to a "limited" set of expenses that courts are permitted to shift at the end of litigation, and they are spelled out in statutes. 10 Wright & Miller, *supra* § 2666. These "legal taxed costs" are "far below the real expenses incurred by the litigant" (*Day* v. *Woodworth*, 54 U.S. (13 How.) 363, 372 (1851)), and have long been understood to exclude the majority of expenses a party may actually incur. Indeed, as this Court has already held, 28 U.S.C. § 1920 "defines the term 'costs'" for purposes of federal law. *Crawford Fitting*, 482 U.S. at 441. Thus, whatever Congress lists in Section 1920 are costs. They are called "taxable" costs because they are "tax[ed]" based on the cost bill. *See* 28 U.S.C. § 1920 ("A judge or clerk of any court of the United States may *tax* as costs the following ...." (emphasis added)). Anything *beyond* those items (or in excess of amounts governed by Section 1821) are *not* costs unless Congress expressly says so.

Second, "fees" refers to money paid to another person or entity for professional services. Most prominent are two separate categories of fees common in litigation, "attorneys' fees" and "expert witness fees," which this Court has observed have *long* been treated (both in statute and judicial usage) "as separate categories of expense" both from one another and from "costs." *W. Va. Univ. Hosps., Inc.* v. *Casey*, 499 U.S. 83, 93 (1991). As particularly pertinent here, the word "costs" in federal law "does not include expert fees." *Murphy*, 548 U.S. at 297.

Third, those things which are not "costs" or "fees" are "expenses." *Murphy*, 548 U.S. at 297. While this case does not require the Court to determine what

might be recoverable under a statute that (unlike the Copyright Act) expressly authorizes the shifting of expenses, the term presumably includes items such as the electronic discovery expenditures included in the award in this case.

Congress has long distinguished "costs," "fees," and "expenses" throughout the United States Code—and sharply so. *Casey*, 499 U.S. at 89 & n.4 (noting some 34 statutes). If Congress intends for a party to receive costs, it will say "costs." If Congress wants a party to receive costs and attorneys' fees, it will say so. If Congress wants to include expert witness fees, it will so indicate. Congress has made itself perfectly clear in this respect, in almost endless permutations—as numerous exemplary statutes illustrate.[1]

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[1] *E.g.*, 5 U.S.C. § 504(b)(1)(A) ("fees and other expenses," including "expenses of expert witness" and "attorney or agent fees"); *id.* § 504(f) ("costs, fees, or other expenses"); 10 U.S.C. § 2409(c)(1) ("all costs and expenses (including attorneys' fees and expert witnesses' fees)"); 11 U.S.C. § 363(n) ("any costs, attorneys' fees, or expenses incurred"); 12 U.S.C. § 1464(d)(1)(B)(vii) ("reasonable expenses and attorneys' fees"); 12 U.S.C. § 1786(p) ("reasonable expenses and attorneys' fees"); 15 U.S.C. § 77z-1(a)(6) ("attorneys' fees and expenses"); *id.* § 1117(a) ("costs of the action" and "attorney fees"); *id.* § 2310(d)(2) ("cost and expenses" "including attorneys' fees"); *id.* § 2618(d) ("costs of suit and reasonable fees for attorneys and expert witnesses"); *id.* § 2619(c)(2) ("costs of suit and reasonable fees for attorneys and expert witnesses"); *id.* § 2805(d)(1)(C) ("reasonable attorney and expert witness fees"); 28 U.S.C. § 1447(c) ("just costs and any actual expenses, including attorney fees"); *id.* § 2412(d)(2)(A) ("fees and other expenses," including "reasonable expenses of expert witnesses"); 29 U.S.C. § 1132(g)(1) ("attorney's fee and costs of action"); *id.* § 1370(e)(1) ("costs and expenses incurred in connection with such action, including reasonable attorney's fees"); 30 U.S.C. § 938(c) ("all costs and expenses (including the attorney's fees)"); 33 U.S.C.

In short, the words "costs," "fees," and "expenses" are terms of art in a foundational statutory architecture. This regime comprehensively governs the shifting of litigation expenditures in federal court. *Murphy*, 548 U.S. at 297 ("'costs' is a term of art"). Absent some clear indicium of contrary congressional command, the word "costs" in the Copyright Act must be given the same meaning (*i.e.*, "taxable costs") as it has in every other federal cost- and fee-shifting provision. *CRST Van Expedited, Inc.* v. *EEOC*, 136 S. Ct. 1642, 1646 (2016).

2. The cost- and fee-shifting provision of the Copyright Act fits perfectly within the traditional taxonomy. That provision reads, in its entirety:

> In any civil action under this title, the court in its discretion may allow the recovery of *full costs* by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable *attorney's fee* to the prevailing party *as part of the costs*.

17 U.S.C. § 505 (emphases added).

The reference to "costs" in the first sentence of Section 505 "is obviously [to] the list set out in 28 U.S.C. § 1920." *Murphy*, 548 U.S. at 297–98. The second sentence of Section 505 "simply adds reasonable attorney's fees incurred by [the] prevailing [party] to the list of costs that prevailing [parties] are otherwise entitled to recover." *Id.* at 297. Absent from the authorized amounts are "expert fees," "consultant fees,"

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§ 1367(c) ("all costs and expenses (including the attorney's fees)"); 42 U.S.C. § 247d-6d(e)(9) ("reasonable expenses ... including a reasonable attorney's fee"); *id.* § 1988(b), (c) ("attorney's fees as part of the costs" and "expert fees").

and other expenses of litigation that the district court awarded to respondents here. JA306–07. Section 505 does not authorize them. As a matter of fact, the very day Congress enacted the current version of Section 505, it enacted *numerous* other statutes expressly shifting expert witness fees, but omitted any such provision from the Copyright Act. *Compare Casey*, 499 U.S. at 87–88, *with* Pub. L. No. 94-559, 90 Stat. 2641 (1976) (codified at 42 U.S.C. § 1988), *and id.* § 101, 90 Stat. 2586 (codified at 17 U.S.C. § 505).

In *Twentieth Century Fox Film Corp.* v. *Entertainment Distributing*, 429 F.3d 869 (9th Cir. 2005), the Ninth Circuit ignored the well-established taxonomy of "costs," "fees," and "expenses" and adopted instead the self-contradictory phrase "non-taxable costs." *Id.* at 884–85. The Ninth Circuit held "that district courts may award otherwise non-taxable costs, including those that lie outside the scope of [28 U.S.C.] § 1920, under [17 U.S.C.] § 505." *Id.* at 885. The court of appeals in *this* case then doubled-down on that holding, concluding that expert witness fees, and indeed *any* litigation expenses, are recoverable under the Copyright Act. JA345–46; *see also* JA305.

The Ninth Circuit's myopic focus on "full costs" cannot be reconciled with the structure of 17 U.S.C. § 505. That provision comprises two sentences—one providing for "full costs" and the *next* providing for attorneys' fees as part of those costs. If, as respondents have posited, "full costs" means all "familiar expenses associated with litigation—investigative fees, fees for party-retained experts, and so on" (Br. in Opp. 13)—then Congress's separate provision for attorneys' fees in Section 505 was entirely pointless. Attorneys' fees would already be included in the Ninth Circuit's expansive definition of "full costs," and thus the position

adopted in *Twentieth Century Fox* renders the entire second sentence of Section 505—*i.e.*, "[e]xcept as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs"—"superfluous." *Crawford Fitting*, 482 U.S. at 441. It also draws into question the *numerous* other occasions in which Congress has authorized "*all* costs *and expenses* ... *including attorney's fees.*" *E.g.*, 30 U.S.C. § 938(c) (emphases added).

The "statutory usage shows beyond question" that costs, attorneys' fees, "and expert fees are distinct items of expense," yet "[i]f, as [respondents] argue[], the one includes the other, dozens of statutes referring to [them] separately become an inexplicable exercise in redundancy." *Casey*, 499 U.S. at 92; *see also Murphy*, 548 U.S. at 306–07 (Ginsburg, J., concurring) ("Congress did not compose § 1415(i)(3)(B)'s text, as it did the texts of other statutes too numerous and varied to ignore, to alter the common import of the terms 'attorneys' fees' and 'costs' in the context of expense-allocation legislation"). Congress's separate specification of attorneys' fees in 17 U.S.C. § 505 confirms that "costs" in that same provision means "costs."

"The use of this term of art ['costs'], rather than a term such as 'expenses,' strongly suggests that [Section 505] was not meant to be an open-ended provision" shifting "all expenses incurred by prevailing [parties] in connection with a [Copyright Act] case." *Murphy*, 548 U.S. at 297. When Congress wanted to shift other expenses, it knew well how to do so. *See, e.g.*, 30 U.S.C. § 938(c) (shifting "all costs and expenses (including the attorney's fees)"); 33 U.S.C. § 1367(c) (shifting "all costs and expenses (including the attorney's fees)"); 42 U.S.C. § 1988(b), (c) (shifting "attorney's fees as part of the costs" and separately

"expert fees"). In neither *Twentieth Century Fox* nor the decision below did the Ninth Circuit grapple with this structural defect in its construction.

3. In an important trilogy of cases, this Court has articulated a clear rule under which "*no statute* will be construed as authorizing the taxation of" litigation expenses outside the scope of Sections 1920 and 1821 "unless the statute refers explicitly" to those categories of expenses. *Murphy*, 548 U.S. at 301 (emphasis added). That is because "28 U.S.C. § 1920 now embodies Congress' considered choice as to the kinds of expenses that a federal court may tax as costs against the losing party." *Crawford Fitting*, 482 U.S. at 440. This statute, along with Section 1821, "comprehensively regulate[s]" costs "in the federal courts" (*ibid.*), and "define[s] *the full extent* of a federal court's power to shift litigation costs *absent express statutory authority to go further*." *Casey*, 499 U.S. at 86 (emphases added).

These three binding precedents—*Crawford Fitting*, *Casey*, and *Murphy*—require reversal here.

In *Crawford Fitting*, the prevailing parties had submitted a bill of costs seeking tens of thousands of dollars of expert witness fees on the theory that Federal Rule of Civil Procedure 54(d) "granted [the district court] discretion to exceed the $30-per-day witness fee limit found in 28 U.S.C. § 1821(b)." 482 U.S. at 439. This Court rejected that argument, holding that when "a prevailing party seeks reimbursement for fees paid to its own expert witnesses, a federal court is bound" by the limitations of Sections 1920 and 1821. *Ibid.* After recounting the history of Congress's "comprehensive[] regulat[ion] [of] fees and the taxation of fees as costs in the federal courts," this Court laid down a simple and clear rule: Unless there is

"plain evidence of congressional intent to supersede [Sections 1920 and 1821]," in the form of an "explicit statutory authorization," a court may not assess non-taxable expenditures, such as expert witness fees, against a losing party. *Id.* at 440, 445; *see also id.* at 445 ("We hold that absent explicit statutory or contractual authorization for the taxation of the expenses of a litigant's witness as costs, federal courts are bound by the limitations set out in 28 U.S.C. § 1821 and § 1920"). Rule 54(d) provided no such authority, as it simply provided that a district court could tax costs unless some other law forbade it from doing so. *Id.* at 441–42. This Court held that Rule 54(d) was an independent authorization to tax the costs *defined* by Sections 1920 and 1821. *Ibid.*

The Court then reiterated and applied this rule in *Casey*, where it considered "whether the term 'attorney's fee' in [42 U.S.C. § 1988] provides the 'explicit statutory authority' required by *Crawford Fitting*" to shift expert witness fees, or alternatively, whether such fees might be considered "part of the 'costs' allowed by § 1988." 499 U.S. at 87 & n.3. The answer to both questions was a resounding *no*. This Court observed that Sections 1920 and 1821 "define *the full extent* of a federal court's power to shift litigation costs absent *express statutory authority to go further*." *Id.* at 86 (emphases added). Section 1988 did not contain any provision "referring explicitly" to categories of costs beyond Sections 1920 and 1821, unlike numerous statutes enacted "[i]n 1976, just over a week prior" to the version of Section 1988 in force at the time. *Id.* at 87–88. Those statutes, unlike Section 1988, expressly shifted expert fees. *Id.* at 88. The Court took this as powerful evidence that Congress knew how to provide for expense categories beyond those in Section

1920 when it wanted to, thus rejecting the party's argument that it could recover these non-taxable expenses. *Ibid.*

Murphy followed. That case concerned whether the Individuals with Disabilities Education Act permitted the recovery of expert fees in providing that a court "may award reasonable attorneys' fees as part of the costs" to prevailing parents. 548 U.S. at 293–94. The prevailing parents sought to recover thousands of dollars they had spent retaining an expert in the litigation. *Id.* at 294. The *Murphy* Court rejected that request, even though the legislative history of the pertinent statute suggested that expert fees might be recoverable. *See id.* at 302–03. The Court emphasized that under "*Crawford Fitting*[,] *no statute* will be construed as authorizing the taxation of witness fees as costs unless the statute refers explicitly to witness fees." 548 U.S. at 301 (emphasis added). "'[C]osts' is a term of art" that "obviously" refers to "the list set out in 28 U.S.C. § 1920" and "§ 1821," both of which govern "the taxation of costs in federal court" and "strictly limit[]" recoveries of expenses such as witness fees. *Id.* at 297–98.

Respondents have previously suggested that *Murphy* "is off-point," because it concerned whether the phrase "attorneys' fees" encompassed "expert witness fees," but "did not even mention the phrase 'full costs'" as the Copyright Act does. Br. in Opp. 19. But the Court did squarely address the meaning of the word "costs" in *Murphy*, holding that it did not authorize expert fees. 548 U.S. at 297–98. Indeed, Solicitor General Clement addressed this very argument in his brief, contending that "the term 'costs' *cannot reasonably be construed to include 'expert fees'*" because

"[t]he costs that can be taxed in the federal court system are statutorily *defined* in 28 U.S.C. 1920 and do not include general expert fees." Br. for United States as *Amicus Curiae* 6, No. 05-18 (Feb. 21, 2006) (emphases added). This conclusion, the government explained, was "compelled" by *Crawford Fitting* and *Casey*. *Ibid.* So, too, here.

The rule announced in the *Crawford Fitting* line of cases applies to *all* federal cost- and fee-shifting statutes. *See Murphy*, 548 U.S. at 301 ("*no statute*" to be interpreted as shifting expenses outside Section 1920 unless it explicitly says so (emphasis added)). It is therefore no answer to say that none of these cases involved the Copyright Act. As this Court just recently reiterated, "[i]t has been the Court's approach to interpret" terms in cost- and fee-shifting statutes "in a consistent manner." *CRST*, 136 S. Ct. at 1646; *see also Fogerty* v. *Fantasy, Inc.*, 510 U.S. 517, 537 (1994) (Thomas, J., concurring in the judgment); *City of Burlington* v. *Dague*, 505 U.S. 557, 562 (1992); *Indep. Fed'n of Flight Attendants* v. *Zipes*, 491 U.S. 754, 758, n.2 (1989); *Ruckelshaus* v. *Sierra Club*, 463 U.S. 680, 691 (1983); *Hensley* v. *Eckerhart*, 461 U.S. 424, 433, n.7 (1983); *Northcross* v. *Board of Educ. of Memphis City Sch.*, 412 U.S. 427, 428 (1973) (*per curiam*). Respondents' suggestion that the Copyright Act is unique simply "ignores [the Court's] longstanding practice of construing statutes *in pari materia*," as well as the extensive body of statutes separately describing costs, fees, and expenses. *Crawford Fitting*, 482 U.S. at 445.

The controlling trilogy establishes that if a party seeks an item of litigation expense not encompassed by Sections 1920 and 1821, there must be a clear, explicit statutory command to shift that expense. And

Section 505 provides a perfect example of what such a command looks like *with respect to attorneys' fees*. The first sentence of Section 505 simply shifts "full costs." The second sentence then clearly authorizes the district court to *also* shift a reasonable attorneys' fee, as a part of the "costs" available under Section 1920. 17 U.S.C. § 505. Shifting expert witness fees and other non-taxable expenses requires a similarly clear provision, as Congress has explicitly done in literally *dozens* of other statutes. *See* note 1, *supra*; *Casey*, 499 U.S. at 89 & n.4. Because the Copyright Act contains no such provision, the court of appeals erred in affirming the award of non-taxable expenses.

4. The "full costs" authorized by 17 U.S.C. § 505 either are limited by 28 U.S.C. §§ 1920 & 1821 or they are not. There is no middle ground. And the courts of appeals have divided on how to answer the question. One line of authority faithfully applies the *Crawford Fitting* rule. The Ninth Circuit, in contrast, allows litigation expenses to be awarded willy-nilly in copyright cases.

The Eighth and Eleventh Circuits recognized that this Court has required express statutory authority to award expert witness fees or other non-taxable expenses. *Pinkham* v. *Camex, Inc.*, 84 F.3d 292, 295 (8th Cir. 1996) (per curiam); *Artisan Contractors Ass'n of Am., Inc.* v. *Frontier Ins. Co.*, 275 F.3d 1038, 1040 (11th Cir. 2001) (per curiam). And both courts squarely held that the Copyright Act does not authorize the award of litigation expenses beyond those enumerated in 28 U.S.C. §§ 1920 & 1821, including particularly expert witness fees. Those holdings followed directly from this Court's precedents:

> We do not agree that the 'full costs' language 'clearly,' 'explicitly,' or 'plainly' evidences congressional intent to treat 17 U.S.C. § 505 costs differently from costs authorized in other statutes. Thus, *we conclude costs under 17 U.S.C. § 505 are limited to the costs expressly identified in 28 U.S.C. § 1920*, and that expert witness fees in excess of the 28 U.S.C. § 1821(b) $40 limit are not recoverable.

Pinkham, 84 F.3d at 295 (emphasis added); *see also Artisan Contractors*, 275 F.3d at 1040 ("Section 505 makes no clear reference to witness fees, nor otherwise evinces a clear congressional intent to supercede [sic] the limitations imposed by § 1821").

The Ninth Circuit, however, expressly disagreed with the Eighth and Eleventh Circuits, holding in *Twentieth Century Fox* that the Copyright Act authorizes the award of expert witness fees and other non-taxable expenses:

> *Crawford Fitting* instructs us to carefully inspect § 505 for clear evidence of congressional intent that non-taxable costs should be available. We respectfully disagree with those circuits who have concluded differently, but we think that there can be no other import to the phrase 'full costs' within § 505. Construing § 505 as limiting the costs that may be awarded to any particular subset of taxable costs effectively reads the word 'full' out of the statute. We must give every word in a statute meaning.... *Thus, we hold that district courts may award otherwise non-taxable costs, including those that lie outside the scope of § 1920, under § 505.*

429 F.3d at 885 (emphasis added). In the decision below, the Ninth Circuit followed *Twentieth Century Fox* as circuit precedent. JA346.

The Ninth Circuit's approach does not withstand even minimal scrutiny. In the first place, by bending over backwards to avoid making one word ("full") superfluous, the Ninth Circuit rendered superfluous the entire second sentence of Section 505. *See* Part I.A.2., *supra*. That is not an acceptable application of the canon against superfluity.

Moreover, in focusing exclusively on the word "full," the Ninth Circuit failed to recognize that the operative statutory term is "costs"—a noun that has a well-recognized meaning in federal law. The adjective "full"—today, as in 1831—is dependent on the character of the noun it modifies, and describes the amount or extent of *that thing*, not *something else*. *See Webster's Second New International*, *supra*, at 1017. A "full tank" can hold no more gasoline, but says nothing about the radiator fluid or crankcase oil in the same vehicle. A "full deck" has 52 cards, but says nothing about the number of poker chips or markers held by the players. Similarly "full costs" means all the *costs* to which the litigant is entitled, but says nothing about the *fees* or *expenses* that might also have been incurred. The meaning of "full *costs*" cannot be divorced from the word "costs," which, as previously demonstrated, has a uniform meaning across federal law and refers to 28 U.S.C. §§ 1920 & 1821. Yet that is precisely what the Ninth Circuit did in *Twentieth Century Fox*.

Contrary to the Ninth Circuit's unexamined supposition, the adjective "full" is not superfluous under the traditional taxonomy. Even setting aside the historical pedigree of the phrase "full costs" (*see* Part I.B.,

infra), 17 U.S.C. § 505 on its face ensures that district courts award the full rates set forth in Section 1821 for each enumerated category of costs in Section 1920, rather than some lesser amount. While district courts since 1976 have had discretion whether to award costs *at all* (*see Fogerty*, 510 U.S. at 524 n.11), they have no discretion to award less than the amounts specified in Section 1821 for each of the categories in Section 1920 (because anything less would not be "full costs"). Consistent with this plain and ordinary meaning of "full costs," the district court here awarded all of the taxable costs respondents sought at the full statutory rates. JA305.[2]

At bottom, the Ninth Circuit paid only lip service to the *Crawford Fitting* rule, which requires an *explicit* statutory directive to authorize district courts to go beyond the taxable costs specified in 28 U.S.C. §§ 1920 & 1821. While the Ninth Circuit read a single adjective—"full"—as expressing the requisite legislative intent, this Court's cases make clear that more is required: To authorize an award of expert witness fees, for example, Congress must actually refer to expert witness fees. *Murphy*, 548 U.S. at 301; *Crawford Fitting*, 482 U.S. at 445. The Copyright Act manifestly does not do so. Therefore the district court erred in awarding such fees (and other non-taxable expenses) to respondents, and the Ninth Circuit erred in adhering to its own flawed precedent in affirming that award. Reversal is warranted.

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[2] To the extent "full costs" might contain an inherent redundancy, that is true of many adjectives ("genuine leather," "whole milk") including other adjectival uses of "full" ("a full pound," "full circle"). "The canon against surplusage is not an absolute rule." *Marx* v. *General Revenue Corp.*, 568 U.S. 371, 385 (2013).

B. Historical Practice Confirms That "Full Costs" Means Taxable Costs.

The arguments above are sufficient to conclude that "full costs" in 17 U.S.C. § 505 means the "full *costs*" enumerated in 28 U.S.C. § 1920 and quantified by § 1821. This conclusion becomes inescapable in light of the history surrounding the phrase "full costs" through English and American legal history.

1. The phrase "full costs" appeared in numerous statutes in England throughout the 17th, 18th, and 19th centuries. Importantly, the very first copyright statute, the Statute of Anne, provided that a prevailing defendant "shall have and recover his full costs, for which he shall have the same remedy as a defendant in any case by law hath." 8 Anne c. 19, § 8 (1710). This same language was carried forward into the Copyright Act of 1842 in England. *See* 5 & 6 Vict., ch. 45, § 26. The phrase "full costs" was understood to bear a *narrower* meaning than statutes that provided for "full cost *and expenses*" of the proceeding. Lands Clause Consolidation Act of 1845, 8 & 9 Vict., ch. 18, § 126 (emphasis added); *see also* 11 Geo. 2, ch. 19, § 9 (1736) (providing for "full costs *and charges of making [a] distress*" (emphasis added)); 12 & 13 Vict. ch. 106 (1849) ("all costs, *charges, and expenses*" (emphasis added)).

English courts explained that "no distinction is known in the law between costs and full costs" under cost-shifting statutes. *Irwine* v. *Reddish*, 5 B. & Ald. 796 (1822) (construing 11 Geo. 2, ch. 19, § 19). For example, *Jamieson* v. *Trevelyan*, 24 Law Tim. Rep. 222 (1855), interpreted "full Costs of Suite" (17 Car. II, ch. 7, §§ 1–3 (1665)) in replevin. Invoking the canon against surplusage, the prevailing party argued that "[e]ffect must be given to the word 'full,'" *i.e.*, that

it *must* mean "something more than costs of the ordinary kind." 24 Law Tim. Rep. at 223. The party was seeking his full expenses of suit. *Id.* at 222–23. But the court rejected this argument outright because "*the terms 'full costs' and 'costs' mean the same thing.*" *Id.* at 223 (Pollack, C.B.) (emphasis added); *see also ibid.* (Parke, B.) ("The term in the statute ... 'full costs' means nothing more than ordinary costs").

Later still, the English courts applied this same meaning to the "Copyright Act of 1842['s]" provision for "full costs"—it was never considered a "full indemnity" permitting the court to shift all expenses of litigation to the losing party. *Avery* v. *Wood & Sons*, 65 Law Tim. Rep. 122, 123–24 (1891). The court distinguished cases such as *Hyde* v. *Mayor of Manchester*, 12 C.B. 474 (1852), which involved statutes providing more broadly for "full costs *and expenses*," holding without equivocation that "the term ['full costs'] had been frequently used in Acts of Parliament prior to the Copyright Act of 1842," and that it was "well known to the Legislature" that "the courts of the common law" had interpreted "full costs" "over and over again as meaning merely 'ordinary costs as between party and party,'" *not* the broader notion of expenses "as between attorney and client." *Ibid.* (Lindley, L.J.) (emphasis added). The court attributed this meaning to the Statute of Anne as well (*ibid.*), holding that it was "determined long ago that 'full costs' are the same thing as 'ordinary costs between party and party.'" *Ibid.* (Fry, L.J.).

English authority was also uniform in holding that courts taxing "party and party" costs could not include expert fees. *See Small* v. *Batho*, 21 L.J. (N.S.), Q. B. 254 (1852) (investigator); *Gravat* v. *Attwood*, 21 L. J. (N.S.), Q.B. 215 (1852) (engineers); *Lumb* v.

Simpson, 4 Ex. 85, 85 (1849) (experts who tested "specimens of earths"); *Omerod* v. *Thompson*, 16 M. & W. 860, 860–61 (1847) (surveyor); *May* v. *Selby*, 4 Man. & G. 142, 142–43 (1842); *Severn* v. *Olive*, 3 Brod. & B. 71, 72–75 (1821) ("experiments" by "scientific men"); *see also* Gray, *A Treatise on the Law of Costs*, *supra*, at 502.

2. After the Founding, state laws followed the English practice, including exhaustively detailed lists of which items were taxable, treating the phrase "full costs" as a reference to the *amount* recoverable of the listed items in the statute. These state laws were applied in federal court until 1853. *Alyeska*, 421 U.S. at 250–52.

New York's statute is illustrative. In a case in "the supreme court," what it meant to be a prevailing plaintiff who was "entitled to recover *full costs*," was that the party "*shall recover costs for services mentioned in this act, at and after the rate in this act before prescribed.*" Revised Statutes of New York, ch. X, tit. I, § 7.1 (1846–1848) (enacted in 1830) (emphases added); *see also id.* § 7.3. New York's statute governed the taxation of costs "*as between party and party*," and strictly limited what costs could "be taxed against the ... adversary." *Stevens & Cagger* v. *Adams*, 23 Wend. at 61–62 (N.Y. Sup. Ct. 1840) (emphasis added). There is little question that any costs awarded were, "of course, the costs of an action under the provisions of the Code." *Linn* v. *Clow*, 1857 WL 6360, at *1 (N.Y. Sup. Ct. 1857); *see also Rensselaer & Saratoga R.R.* v. *Davis*, 55 N.Y. 145, 149 (1873) (awarding "full costs" "at the rates prescribed by the Code").

This conclusion is underscored by the fact that statutes such as New York's *also* provided for, in cer-

tain cases, "double costs" or even "treble costs" (Revised Statutes of New York, ch. X, tit. I, § 31; *id.* tit. 5, § 8), meaning that "the effect of the Code, and the sections of the Revised Statutes as to double costs, is that in cases generally, costs are allowed at a certain rate, but in special cases at an increased rate." *Bartle* v. *Gilman*, 18 N.Y. 260, 262 (1858). "Full costs" were simply in contrast to double, treble, "two-thirds" (Revised Statutes of New York, ch. X, Title I, § 7.2), or even "one quarter" costs (Revised Statutes of the Commonwealth of Massachusetts, ch. 121, §§ 4, 8, 18).

3. In 1853, Congress passed the sweeping reforms of the Fee Act to do away with the lack of uniformity in federal cost recovery (*Taniguchi*, 566 U.S. at 565), and from that point forward, federal courts looked to the Fee Act, rather than state law, in determining the types and amounts of available costs.

The Fee Act's expansive language made clear "[t]hat *in lieu of* the compensation now allowed ... in the United States courts, to ... clerks ..., marshals, witnesses, jurors, commissioners, and printers, *in the several States*, the following *and no other compensation shall be taxed and allowed*." Act of Feb. 26, 1853, ch. 80, 10 Stat. 161, 161 (emphases added). Congress meticulously regulated, much like many state statutes did prior to the Fee Act, all of the available costs and the rates at which such costs could be taxed. *See id.* at 161–69. The Fee Act, like many state statutes, regulated all taxable costs to the penny.

After the Fee Act, courts recognized that a prevailing party "under the Copyright Act" would receive "full costs," which meant "*all taxable disbursements*." *Basevi* v. *Edward O'Toole Co.*, 26 F. Supp. 41, 50 (S.D.N.Y. 1939) (emphasis added). Other courts acknowledged "full costs" under the Copyright Act to

be "ordinary costs," as opposed to the "extraordinary cost" of attorneys' fees. *Official Aviation Guide Co.* v. *Am. Aviation Assocs.*, 162 F.2d 541, 543 (7th Cir. 1947); *see also Bullinger* v. *Mackey*, 4 F. Cas. 648, 649 (C.C.E.D.N.Y. 1877) (noting "the meagre costs allowed by the laws of the United States" in copyright actions).

4. When Congress passed what is now 17 U.S.C. § 505 in 1831, "full costs" had a well-established meaning. In both English and state practice, "full costs" meant ordinary (or "party and party") costs taxed pursuant to a statutory schedule. "[I]f a word is obviously transplanted from ... other legislation, it brings the old soil with it." Felix Frankfurter, *Some Reflections on the Reading of Statutes*, 47 Colum. L. Rev. 527, 537 (1947); *see, e.g.*, *Hall* v. *Hall*, 138 S. Ct. 1118, 1130 (2018); *United States* v. *Castleman*, 572 U.S. 157, 176 (2014) (Scalia, J., concurring); *Sekhar* v. *United States*, 570 U.S. 729, 733 (2013). It is thus unsurprising that the legislative record contains no contemporaneous explanation of what, at the time, was an everyday phrase in this context.[3]

Importantly, any prevailing plaintiff in the circuit courts (including in copyright cases after 1819) who recovered less than $500 in damages could not recover costs and could be made to pay the other side's costs. Act of 1789, ch. 20, § 20, 1 Stat. 73, 83. Congress eliminated this bar to cost recovery in copyright cases by amending the Copyright Act in 1831 to provide that "in all recoveries under [the copyright statute,] ... *full costs* shall be allowed thereon, *any thing in any former*

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[3] A small number of other modern statutes use the phrase "full costs" in different contexts. *See* 17 U.S.C. § 911(f); 28 U.S.C. § 4001(g); 47 U.S.C. § 553(c)(2)(C); 47 U.S.C. § 605(e)(3)(B)(iii). Neither the text nor the legislative history of these statutes appears to shed any light on the question presented here.

act to the contrary notwithstanding." Act of Feb. 3, 1831, ch. 16, § 12, 4 Stat. 436, 438–39 (emphases added). The "full costs" and *non-obstante* clause referred to the first Judiciary Act's $500 limitation on cost recovery and made clear that it no longer applied. This presumably reflected the reality that statutory damages were set at a mere fifty cents per page of the copyrighted work, which had to be split with the United States government. *Id.* § 6, 4 Stat. 437.

When reenacting the "full costs" provision in the 1909 Copyright Act, the House Report explicitly identified the threshold limitation on cost recovery as the purpose of the "full costs" language:

> The provision for full costs, which is found in the existing law, is necessary in view of the provisions of section 968 of the Revised Statutes, for under that statute when a plaintiff brings an action in a circuit court and recovers less than the sum or value of $500, exclusive of costs, in a case which cannot be brought there unless the amount in dispute, exclusive of costs, exceeds said sum or value, he shall not be allowed, but at the discretion of the court shall be adjudged to pay, costs.

H.R. Rep. No. 2222, 60th Cong., 2d Sess. 19 (1909).

To petitioners' knowledge, there is nothing else in the legislative history of any iteration of the Copyright Act that speaks to this subject. While the understanding of the 1909 Congress might not reflect the intent of the 1831 Congress, it bears noting that the 1909 Congress *reenacted* the "full costs" language with this understanding of its function—one that gives meaning to the term "full" and thus avoids the ostensible

surplusage problem that unduly concerned the Ninth Circuit.

* * *

The text, structure, and history of 17 U.S.C. § 505 conclusively demonstrate that "full costs" means the entire amount of taxable costs authorized under 28 U.S.C. §§ 1920 & 1821—but no more. The much broader and unconstrained meaning attributed to the phrase by the Ninth Circuit cannot be reconciled with this Court's consistent approach to federal cost- and fee-shifting statutes, which requires Congress to speak explicitly when authorizing the award of non-taxable expenses. If Congress had intended "[s]uch a bold departure from traditional practice [it] would have surely drawn more explicit statutory language and legislative comment." *Fogerty*, 510 U.S. at 534.

II. Construing "Full Costs" to Include Non-Taxable Expenses Would Make Bad Policy.

The Ninth Circuit's construction is foreclosed by text, structure, precedent, and history. The Court therefore need not look to policy considerations at all. *E.g.*, *Hartford Underwriters Ins. Co.* v. *Union Planters Bank, N.A.*, 530 U.S. 1, 13–14 (2000); *Conn. Nat'l Bank* v. *Germain*, 503 U.S. 249, 254 (1992). But to the extent such considerations are relevant, the Ninth Circuit's approach has nothing to recommend it. Allowing non-taxable expenses in copyright litigation would grate against separation-of-powers principles, create an unwarranted rift in federal intellectual property law, and generate significant ancillary litigation. Respondents' *ad hominem* attacks on petitioners cannot override the statutory limitations on judicial authority, and contradict the national uniformity Congress has sought to achieve in copyright cases.

1. Rules that recognize default settings from which Congress may depart in particular circumstances—such as the rule applied in *Crawford Fitting*, *Casey*, and *Murphy*—"exist for good reasons." *Epic Sys. Corp.* v. *Lewis*, 138 S. Ct. 1612, 1624 (2018). They are rooted in the "separation of powers," and the due "[r]espect" courts must show "for Congress as drafter." *Ibid.* "Allowing judges to pick and choose between statutes risks transforming them from expounders of what the law *is* into policymakers choosing what the law *should be*." *Ibid.*; *cf. SCA Hygiene Prod. Aktiebolag* v. *First Quality Baby Prod., LLC*, 137 S. Ct. 954, 960 (2017) ("courts are not at liberty to jettison Congress' judgment").

a. "[R]ules aiming for harmony over conflict in statutory interpretation grow from an appreciation that it's the job of Congress by legislation, not this Court by supposition, both to write the laws and to repeal them." *Epic*, 138 S. Ct. at 1624. Such rules of construction are a fundamental component of this Court's jurisprudence involving the harmonization of federal statutes (*e.g.*, *Hall*, 138 S. Ct. at 1130; *CompuCredit Corp.* v. *Greenwood*, 565 U.S. 95, 102 (2012); *Whitman* v. *Am. Trucking Assns., Inc.*, 531 U.S. 457 (2001); *Vimar Seguros y Reaseguros, S.A.* v. *M/V Sky Reefer*, 515 U.S. 528 (1995); *Morton* v. *Mancari*, 417 U.S. 535 (1974); *United States* v. *Borden Co.*, 308 U.S. 188 (1939)), and have been since the Founding era (*Wood* v. *United States*, 41 U.S. (16 Pet.) 342, 363 (1842) (Story, J.)). These rules ensure that courts apply Congress's policy preferences rather than their own.

In the context of fees and costs, this is not an idle or abstract principle. Almost immediately after this Court held in *Casey* that 42 U.S.C. § 1988's reference

to attorneys' fees and costs was not a sufficiently clear direction to shift expert witness fees under *Crawford Fitting* (499 U.S. at 87 & n.3), Congress amended the statute to expressly include "expert fees." 42 U.S.C. § 1988(c). Congress thus legislates against the backdrop of this Court's *Crawford Fitting* rule and knows exactly how to provide for the shifting of fees or expenses outside of Sections 1920 and 1821 when it wants to. It cannot be assumed that by using the adjective "full" in the Copyright Act (in 1831, 1870, 1909, or 1976), Congress swept aside the entire architecture of federal cost- and fee-shifting law. Respondents' claim for numerous expenses not listed in Section 1920 is "more properly directed at Congress" than at this Court. *Taniguchi*, 566 U.S. at 573.

b. "[T]he judicial Power of the United States conferred upon [the Supreme] Court and such inferior courts as Congress may establish ... must be deemed to be the judicial power as understood by our common-law tradition." *James B. Beam Distilling Co.* v. *Georgia*, 501 U.S. 529, 549 (1991) (Scalia, J., concurring in the judgment); *see also, e.g.*, *Stern* v. *Marshall*, 564 U.S. 462, 484 (2011); *N. Pipeline Const. Co.* v. *Marathon Pipe Line Co.*, 458 U.S. 50, 90 (1982) (Rehnquist, J., concurring in the judgment); *Murray's Lessee* v. *Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272, 284 (1855).

"At common law, costs were not allowed." *Alyeska Pipeline*, 421 U.S. at 247. The federal courts have always viewed themselves as generally bound not to shift litigation expenses "till it is changed, or modified, by statute." *Arcambel* v. *Wiseman*, 3 U.S. (3 Dall.) 306, 306 (1796) (per curiam). And only those "costs and fees" specifically "allowed by the [relevant] statute" could be shifted. *Oelrichs* v. *Spain*, 82 U.S. (15

Wall.) 211, 230–31 (1872); *see also, e.g.*, *Day* v. *Woodworth*, 54 U.S. (13 How.) 363, 371 (1851); *The Baltimore*, 75 U.S. (8 Wall.) 377, 392 (1869); *Flanders* v. *Tweed*, 82 U.S. (15 Wall.) 450, 452–53 (1872).

Because of this "bedrock principle" (*Hardt* v. *Reliance Standard Life Ins. Co.*, 560 U.S. 242, 252–53 (2010)), this Court "will not deviate from the American Rule absent explicit statutory authority." *Baker Botts L.L.P.* v. *ASARCO LLC*, 135 S. Ct. 2158, 2164 (2015); *see also Martin* v. *Franklin Capital Corp.*, 546 U.S. 132, 137 (2005). In *Fogerty*, which also involved 17 U.S.C. § 505, this Court held that "[s]tatutes which invade the common law are to be read with a presumption favoring the retention of long-established and familiar [legal] principles." 510 U.S. at 534. Yet respondents take the extreme position that the bare phrase "full costs" abrogated all recognized limitations on cost recovery. Br. in Opp. 20.

2. Adopting the Ninth Circuit's position would introduce an inexplicable rift in federal intellectual property cost recovery. Costs in trademark infringement suits under the Lanham Act are awarded in accordance with Sections 1920 and 1821. *Nightingale Home Healthcare, Inc.* v. *Anodyne Therapy, LLC*, 626 F.3d 958 (7th Cir. 2010); *PETA* v. *Doughney*, 263 F.3d 359, 371 (4th Cir. 2001); *BASF Corp.* v. *Old World Trading Co.*, 839 F. Supp. 528, 530 (N.D. Ill. 1993), *aff'd*, 41 F.3d 1081 (7th Cir. 1994). The same is true for cost awards in patent infringement suits. *Hildebrand* v. *Steck Mfg. Co.*, 292 F. App'x 921, 923 (Fed. Cir. 2008); *Summit Tech., Inc.* v. *Nidek Co.*, 435 F.3d 1371, 1373 (Fed. Cir. 2006); *Popeil Bros.* v. *Schick Elec., Inc.*, 516 F.2d 772, 773 (7th Cir. 1975); *Emerson* v. *Nat'l Cylinder Gas Co.*, 251 F.2d 152, 158 (1st Cir. 1958).

This Court has consistently construed the copyright and patent laws in tandem unless there is a statutory basis for doing otherwise. *See, e.g.*, *SCA Hygiene*, 137 S. Ct. at 959; *eBay Inc.* v. *MercExchange, L.L.C.*, 547 U.S. 388, 392 (2006). The Ninth Circuit's approach runs counter to these principles by singling out copyright litigation for special treatment, without identifying any copyright policy that would be served by this departure from the rules in other areas of intellectual property litigation. There is also no reason for this distinction at a practical level.

3. This Court has rejected constructions of cost- and fee-shifting statutes, including Section 505 itself, that prove not to be "administrable." *Kirtsaeng* v. *John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1987 (2016). The core concern reflected here is this Court's "oft-stated concern that an application for attorney's fees should not result in a second major litigation." *Ibid.*

Respondents would invest in district courts an enormous amount of power to shift the often considerable expenses entailed in copyright litigation—jettisoning the certainty of the taxable costs codified in Section 1920 in favor of boundless discretion that would undoubtedly result in significant post-trial litigation. *See* Br. in Opp. i, 1, 13, 16, 23. This Court rejected such an "open-ended" interpretation in *Murphy*, as it would presumably permit "all expenses" incurred by the party, "for example, travel and lodging expenses or lost wages due to time taken off from work." 548 U.S. at 297. And this is no hypothetical concern, as non-taxable expense awards in copyright cases can reach staggering amounts. *E.g.*, *Mattel, Inc.* v. *MGA Entm't, Inc.*, 2011 WL 3420603, at *9 (C.D. Cal. Aug. 4, 2011), *aff'd* 705 F.3d 1108 (9th Cir. 2013)

(awarding more than $31 million out of "approximately $40 million in costs"); *Perfect 10, Inc.* v. *Giganews, Inc.*, 2015 WL 1746484, at *1 (C.D. Cal. Mar. 24, 2015), *aff'd*, 847 F.3d 657 (9th Cir. 2017) ($424,235.47); *Pringle* v. *Adams*, 2014 WL 3706826, at *7–8 (C.D. Cal. July 23, 2014) ($300,096.24). Such awards are a routine, and time-consuming, feature of copyright litigation in the Ninth Circuit. *See* Pet. 19–20 & nn.7–8.

Petitioners' position "is more administrable than" the opposing view. *Kirtsaeng*, 136 S. Ct. at 1987. "[T]he assessment of costs" should be "merely a clerical matter that can be done by the court clerk." *Taniguchi*, 566 U.S. at 573. Imposing the Ninth Circuit's unpredictable scheme nationwide would also upend incentives, making it more difficult for "starving artist[]" rights-holders to assert meritorious claims against "corporate behemoths." *Fogerty*, 510 U.S. at 524. Conversely, a well-heeled plaintiff asserting aggressive claims against a smaller defendant may well bully that defendant into submission before a meritorious defense can be brought to bear.

4. Respondents, bereft of any textual, structural, historical, or even policy arguments that support the Ninth Circuit's conclusion that non-taxable expenses may be awarded in copyright cases, have previously resorted to inflammatory rhetoric instead. They have persisted in attempting to brand petitioners as "bad actors," hurling accusations of "lying under oath," "egregious" behavior, "fake customer[s]," "[un]ambiguous" infringement, and "false[] represent[ations]." Br. in Opp. 1–12, 22–24. This narrative is factually false and legally irrelevant. Rimini was found liable only for *innocent* infringement (JA262), meaning it "was not aware" and "had no reason to believe" that

its conduct was unlawful (JA255–56); and the jury rejected every single claim predicated on supposed misrepresentations or false statements (JA257–71). Ravin has been exonerated of any liability *whatsoever*. JA257–71, JA337–38.

More to the point, respondents' attempts to focus the Court on petitioners' supposed litigation "misconduct," as well as some unspecified "discretion" in the district court to respond to such misconduct, is a ploy to distract the Court from the weakness of respondents' merits argument. Questions of misconduct and discretion to award non-taxable expenses would be relevant *if and only if* Congress has authorized district courts to award non-taxable expenses in *every* copyright case—whether the litigants be angels or devils. If, by contrast, Congress has not authorized the award of non-taxable expenses in *any* copyright case, then the litigants' conduct (or misconduct) is irrelevant.

While district courts in copyright cases have discretion *whether* to award costs, the question presented is whether they also have the authority to go beyond the categories and amounts of taxable costs in 28 U.S.C. §§ 1920 & 1821. The answer is binary—yes or no—as the underlying circuit conflict establishes. *Compare Pinkham*, 84 F.3d at 295 ("no"), *with Twentieth Century Fox*, 429 F.3d at 885 ("yes"). Respondents' *ad hominem* attacks assume that the question can be answered in the affirmative, and therefore that the decision below can be justified as a matter of discretion. If, however, the question is answered in the negative—as petitioners maintain it should be—then the district court had no *power* to award non-taxable expenses, and respondents' appeals to "discretion" are a red herring. The district court's only discretionary

decision is to award or not to award taxable costs. *See Taniguchi*, 566 U.S. at 573. And petitioners here do not challenge any exercise of discretion by the district court.

Respondents' emphasis on "discretion" also highlights a fundamental flaw in the Ninth Circuit's approach. While District Judge *A* may view an expense as proper, District Judge *B* may not. Shifting the expense in one case but not another would undermine not only "the uniformity Congress sought to achieve" under the Copyright Act (*Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663, 681 (2014)), but also the "uniform rule" which Congress adopted for cost recovery in *all* litigation, spurred on to stop, not encourage, the "great diversity in practice among [the federal district] courts" that precipitated the Fee Act of 1853. *Taniguchi*, 566 U.S. at 565. Congress has already made the considered policy judgment that only *costs* and *attorneys' fees* can be shifted in Copyright Act cases; any additional adjustments to that regime must come from the Legislature, not the Judiciary.

* * *

To reiterate, Congress's policy of uniformity can be overridden only by an "explicit statutory ... authorization." *Crawford Fitting*, 482 U.S. at 445. Such explicit authorization is entirely lacking in 17 U.S.C. § 505. To the contrary, *all* evidence points to the conclusion that "full costs" in the Copyright Act means all the *taxable* costs incurred by the prevailing party—no more and no less.

CONCLUSION

The judgment of the court of appeals should be reversed insofar as it affirmed the award of $12.8 million in non-taxable expenses.

Respectfully submitted.

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STATUTORY ADDENDUM

17 U.S.C. § 505. Remedies for infringement: Costs and attorney's fees

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

28 U.S.C. § 1821. Per diem and mileage generally; subsistence

(a)(1) Except as otherwise provided by law, a witness in attendance at any court of the United States, or before a United States Magistrate Judge, or before any person authorized to take his deposition pursuant to any rule or order of a court of the United States, shall be paid the fees and allowances provided by this section.

(2) As used in this section, the term "court of the United States" includes, in addition to the courts listed in section 451 of this title, any court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States.

(b) A witness shall be paid an attendance fee of $40 per day for each day's attendance. A witness shall also be paid the attendance fee for the time necessarily occupied in going to and returning from the place of attendance at the beginning and end of such attendance or at any time during such attendance.

(c)(1) A witness who travels by common carrier shall be paid for the actual expenses of travel on the basis of the means of transportation reasonably utilized and the distance necessarily traveled to and from such witness's residence by the shortest practical route in going to and returning from the place of attendance. Such a witness shall utilize a common carrier at the most economical rate reasonably available. A receipt or other evidence of actual cost shall be furnished.

(2) A travel allowance equal to the mileage allowance which the Administrator of General Services has prescribed, pursuant to section 5704 of title 5, for official travel of employees of the Federal Government

shall be paid to each witness who travels by privately owned vehicle. Computation of mileage under this paragraph shall be made on the basis of a uniformed table of distances adopted by the Administrator of General Services.

(3) Toll charges for toll roads, bridges, tunnels, and ferries, taxicab fares between places of lodging and carrier terminals, and parking fees (upon presentation of a valid parking receipt), shall be paid in full to a witness incurring such expenses.

(4) All normal travel expenses within and outside the judicial district shall be taxable as costs pursuant to section 1920 of this title.

(d)(1) A subsistence allowance shall be paid to a witness when an overnight stay is required at the place of attendance because such place is so far removed from the residence of such witness as to prohibit return thereto from day to day.

(2) A subsistence allowance for a witness shall be paid in an amount not to exceed the maximum per diem allowance prescribed by the Administrator of General Services, pursuant to section 5702(a) of title 5, for official travel in the area of attendance by employees of the Federal Government.

(3) A subsistence allowance for a witness attending in an area designated by the Administrator of General Services as a high-cost area shall be paid in an amount not to exceed the maximum actual subsistence allowance prescribed by the Administrator, pursuant to section 5702(c)(B) of title 5, for official travel in such area by employees of the Federal Government.

(4) When a witness is detained pursuant to section 3144 of title 18 for want of security for his appearance, he shall be entitled for each day of detention when not

in attendance at court, in addition to his subsistence, to the daily attendance fee provided by subsection (b) of this section.

(e) An alien who has been paroled into the United States for prosecution, pursuant to section 212(d)(5) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(5)), or an alien who either has admitted belonging to a class of aliens who are deportable or has been determined pursuant to section 240 of such Act (8 U.S.C. 1252(b)) to be deportable, shall be ineligible to receive the fees or allowances provided by this section.

(f) Any witness who is incarcerated at the time that his or her testimony is given (except for a witness to whom the provisions of section 3144 of title 18 apply) may not receive fees or allowances under this section, regardless of whether such a witness is incarcerated at the time he or she makes a claim for fees or allowances under this section.

28 U.S.C. § 1920. Taxation of costs

A judge or clerk of any court of the United States may tax as costs the following:

(1) Fees of the clerk and marshal;

(2) Fees for printed or electronically recorded transcripts necessarily obtained for use in the case;

(3) Fees and disbursements for printing and witnesses;

(4) Fees for exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case;

(5) Docket fees under section 1923 of this title;

(6) Compensation of court appointed experts, compensation of interpreters, and salaries, fees, expenses, and costs of special interpretation services under section 1828 of this title.

A bill of costs shall be filed in the case and, upon allowance, included in the judgment or decree.

No. 17-1625

In the
Supreme Court of the United States

RIMINI STREET, INC., et al.,

Petitioners,

v.

ORACLE USA, INC., et al.,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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BRIEF FOR RESPONDENTS

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QUESTION PRESENTED

The Copyright Act provides that a court "in its discretion may allow the recovery of full costs" to a prevailing party. 17 U.S.C. §505. That "full costs" language stands in contrast to the default federal cost-shifting statute, which would apply even in the absence of specific language in the Copyright Act, and under which courts may "tax as costs" only a subset of litigation expenses—generally known as "taxable costs." *See* 28 U.S.C. §1920.

The question presented is:

Whether the Copyright Act, which gives courts "discretion" to award prevailing parties their "full costs," authorizes recovery of the full range of litigation costs, or authorizes recovery of only the subset of costs that are taxable under 28 U.S.C. §1920.

PARTIES TO THE PROCEEDING

Petitioners, and defendants below, are Rimini Street, Inc., and Seth Ravin.

Respondents, and plaintiffs below, are Oracle America, Inc., and Oracle International Corporation. Although Oracle USA, Inc., continues to be named in the case caption as a plaintiff, that entity no longer exists.

CORPORATE DISCLOSURE STATEMENT

Oracle Corporation is the ultimate parent company of Oracle America, Inc., and Oracle International Corporation. Oracle Corporation also was the ultimate parent of Oracle USA, Inc., but that entity no longer exists. Oracle Corporation wholly owns, through one or more of its privately-held, wholly-owned subsidiaries, Oracle America, Inc., and Oracle International Corporation. No other publicly held corporation owns 10% or more of the stock in Oracle America, Inc., or Oracle International Corporation.

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INTRODUCTION

When the text of a statute is clear, judicial inquiry ends where it begins—with the text. That long-settled principle resolves this case. The Copyright Act provides that a court "in its discretion may allow the recovery of full costs" to a prevailing party. 17 U.S.C. §505. The statute means what it says: A prevailing party may receive his full costs, not just a subset of them. Petitioners' contrary interpretation, under which "full costs" means "only those costs that may be independently taxed under 28 U.S.C. §1920," cannot be reconciled with the plain terms of the statute, as it would render superfluous not just the word "full," but the Copyright Act's entire authorization for cost-shifting. Plain text and canons against superfluity and implied repeals all counsel against reading "full" to mean nothing at all. Neither this Court's precedent nor petitioners' flawed historical narrative remotely justifies reading §505's grant of cost-shifting authority out of the U.S. Code. And sound copyright policy is served by giving §505 its plain meaning, rather than saddling prevailing parties with unreimbursable e-discovery costs that will leave valid copyrights unvindicated. The Court should give the text its plain meaning and hold that "full" means full, rather than nothing at all.

STATEMENT OF THE CASE

A. Statutory Background

For nearly two centuries, the Copyright Act has expressly allowed prevailing parties to recover their "full costs" in copyright actions. Congress first established that rule in 1831, and it has maintained it ever since. *See* Copyright Act of 1831 ("1831 Act"), ch.

16, §12, 4 Stat. 436, 438-39; Act of July 8, 1870, ch. 230, §108, 16 Stat. 198, 215; Copyright Act of 1909 ("1909 Act"), ch. 320, §40, 35 Stat. 1075, 1084; Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541, 2586.

The "full costs" approach reflected in the Copyright Act stands in marked contrast to how Congress addressed cost-shifting in other early statutes. In the 1789 Process Act, for instance, Congress expressly tied costs recovery to state law, providing that "rates of fees ... in the circuit and district courts, in suits at common law, shall be the same in each state respectively as are now used or allowed in the supreme courts of the same." Act of Sept. 29, 1789 ("Process Act"), ch. 21, §2, 1 Stat. 93, 93. Congress took a similar approach in 1793, providing that in federal court cases other than admiralty and maritime (as to which the same Act established a separate regime), prevailing parties shall "be allowed ... such compensation for their travel and attendance, and for attornies and counsellors' fees ... as are allowed in the supreme or superior courts of the respective states." Act of Mar. 1, 1793 ("1793 Act"), ch. 20, §4, 1 Stat. 332, 333. The 1793 Act was twice extended before lapsing in 1799. *See* Act of Feb. 25, 1795 ("1795 Act"), ch. 28, 1 Stat. 419, 419; Act of Mar. 31, 1796 ("1796 Act"), ch. 11, 1 Stat. 451, 451-52.

In other early provisions, Congress took a different approach, establishing an explicit federal rule for what costs may be recovered in particular causes of action or how much may be recovered for particular costs, rather than incorporating state law.

See, e.g., 1793 Act §§1-3 (establishing specific recovery rules for admiralty and maritime cases); Act of Mar. 2, 1799, ch. 22, §71, 1 Stat. 627, 678 (specifying that a revenue officer prosecuted without sufficient cause was entitled to recover double costs).

The 1831 Copyright Act adopted a copyright-specific approach to cost-shifting and took yet another tack. Unlike the Process Act and the general provisions of the 1793 Act, the Copyright Act did not incorporate state cost-shifting laws. Nor did it delineate specific categories and amounts of costs that may be recovered, like the admiralty and maritime provisions of the 1793 Act. Instead, the 1831 Copyright Act provided that, in statutory copyright actions in federal court, "*full* costs shall be allowed." 1831 Act §12 (emphasis added). Making clear that this was a departure from its approach in other federal statutes, Congress added the express caveat "any thing in any former act to the contrary notwithstanding." *Id.*

While that "full costs" approach may have been a recognized departure from other early federal statutes, it was not an unprecedented approach in copyright law. "Full costs" is the language Parliament used in the Statute of Anne, the seminal English copyright act. When the Statute of Anne was enacted, it was well settled in England that a prevailing party could recover "not merely the fees which the party has had to pay to the officers of the court at the different stages of the litigation, but likewise the fees which he has had to pay to his own lawyers," as well as various "other expenses of preparing his case for trial." Charles T. McCormick, *Damages* 235 (1935). That

understanding developed out of the Statute of Gloucester, 6 Edw. I., c. 1 (1275) (Eng.), under which "costs" was liberally construed to include "all the legall cost of the suit," except for the prevailing plaintiff's expenses for "travell and losse of time." Sir Edward Coke, *2d Institutes* 288 (1681); *see also Witham v. Hill* (1759) 95 Eng. Rep. 703, 703 (K.B.) (Lord Chief Justice Willes) (Statute of Gloucester allowed recovery of the "whole costs of all the process in the cause").[1] Like other contemporaneous English statutes, the Statute of Anne took that then-settled rule one step further, specifying that not just a prevailing plaintiff, but also a prevailing defendant, could recover its "full costs." *See* 8 Anne, c. 19, §8 (1710) (Eng.).

About 20 years after Congress introduced the "full costs" rule into the Copyright Act, Congress adopted a default federal rule for taxing costs. Resolving disuniformity that had arisen after Congress' initial cost-shifting statutes lapsed, Congress enacted the Fee Act of 1853, which established a uniform rule "in lieu of the compensation now allowed by law ... in the several States." Act of Feb. 26, 1853 ("Fee Act"), ch. 80, 10 Stat. 161, 161. While the Fee Act set rates of recovery for a wide variety of litigation expenses, including fees charged by attorneys, it made clear that

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[1] England later shifted to a more restrictive cost-shifting regime. *See infra* pp.45-46. But (as petitioners conveniently neglect to mention) that shift did not crystalize until after the Statute of Anne and the 1831 Copyright Act were enacted. Indeed, as the very treatise upon which petitioners rely observes, the changes brought about in the mid-1800s so fundamentally altered costs jurisprudence as to render treatises written a few decades earlier "practically obsolete." John Gray, *A Treatise on the Law of Costs* iii (1853).

it did not prevent attorneys from charging their clients reasonable compensation "in addition to the taxable costs." *Id.*

"The sweeping reforms of the 1853 [Fee] Act have been carried forward to today," *Crawford Fitting Co. v. J. T. Gibbons, Inc.*, 482 U.S. 437, 440 (1987), and are now embodied in the narrower range of taxable costs set forth in 28 U.S.C. §§1920 and 1821. In many cases, Congress carried forward provisions without adjustment for inflation. For example, while Congress provided for the recovery of $2.50 per deposition admitted into evidence in 1853, it provides the same amount today. *See* 28 U.S.C. §1923(a). Congress did not, however, carry its reforms through to the Copyright Act. While Congress acknowledged in the Fee Act that there were litigation costs "in addition to the taxable costs," neither that Act nor any of its successors expressly mentioned the Copyright Act's "full costs" provision, which pre-dated the Fee Act and was repeatedly re-enacted thereafter. Indeed, Congress repeatedly re-enacted the "full costs" language even as it dramatically overhauled other aspects of copyright law and made other changes to the cost-shifting provision.

For instance, in 1909, after growing acceptance of the "American Rule" had created some uncertainty about whether attorneys' fees could be recovered as costs, Congress amended the "full costs" provision to confirm that attorneys' fees were available to the prevailing party. Congress did so, moreover, not by separately authorizing attorneys' fees, but by expressly including them in the "full costs" authorized by the Act: "[T]he court may award to the prevailing

party a reasonable attorney's fee as part of the costs." 1909 Act §40.[2]

More recently, in the 1976 Copyright Act, which was a soup-to-nuts "overhaul of copyright law," Jeanne C. Fromer, *Expressive Incentives in Intellectual Property*, 98 Va. L. Rev. 1745, 1799 (2012), Congress amended the Act's cost-shifting provision to change the "full costs" regime "from a mandatory one to one of discretion." *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 524 n.11 (1994). In doing so, however, Congress (which was well aware of the distinction between taxable and nontaxable costs) once again retained the term "full costs," producing the language now found at 17 U.S.C. §505: "In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs."

Congress' reaffirmation of full reimbursement was no accident. Copyright law has long embraced the principle that copyrighted works merit full protection even if their value is difficult to prove or they lack commercial value. Congress recognizes that "a rule of liability which merely takes away the profits from an infringement would offer little discouragement to infringers," and indeed, little incentive to bring

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[2] Congress also at that time added language exempting the United States from the Act's cost-shifting regime. *See* 1909 Act §40 ("in all actions, suits, or proceedings under this Act, except when brought by or against the United States or any officer amended, thereof").

infringement actions in the first place. *F.W. Woolworth Co. v. Contemporary Arts*, 344 U.S. 228, 233 (1952). To that end, the Copyright Act has long allowed for more robust recovery than is available in other intellectual property contexts. That is reflected in the long-standing availability of both statutory damages for copyright infringement, 17 U.S.C. §504, and the shifting of full costs, including attorneys' fees, even in non-extraordinary cases.

Notably, this is not the only context in which Congress has decided to make "full costs" available. On multiple recent occasions, Congress has included "full costs" provisions in federal statutes addressing a range of causes of action. *See* 17 U.S.C. §911(f); 28 U.S.C. §4001(g); 47 U.S.C. §553(c)(2); 47 U.S.C. §605(e)(3)(B)(iii). In the case of 47 U.S.C. §605, which prohibits the unauthorized receipt or transmission of communications, the legislative history reflects a specific understanding that this term was not confined to taxable costs, but rather included recovery for categories of costs not taxable under §1920. *See* 130 Cong. Rec. S14286 (daily ed. Oct. 11, 1984) (Statement of Sen. Robert W. Packwood, Chairman of Comm. on Commerce, Science, & Transp.), *reprinted in* 1984 U.S.C.C.A.N. 4742, 4750 (1984) ("It is the intent of the Committee that the power to direct the recovery of all costs under 3(b)(iii) shall include reasonable investigative fees (related to the action brought) of an aggrieved party.").

B. Proceedings Below

This case arises out of Rimini's adjudicated serial infringement of Oracle's copyrights. Oracle develops and licenses enterprise software programs that

customers use to perform critical business functions. As is typical in the industry, Oracle does not sell ownership rights to its enterprise software. Customers purchase licenses that enable them to use specific programs and to access sites containing support materials for those programs, while Oracle retains all intellectual property rights in its works. Those licenses impose strict limits on copying Oracle's software and even stricter limits on access, use, or copying of the software and support materials by third parties, including third parties who provide software support.

Rimini was founded in 2005 by Seth Ravin. Unlike Oracle, which spends billions of dollars on research and development and employs more than 30,000 software engineers who write new programs as well as patches, fixes, and updates for Oracle's existing software, Rimini does not develop or license its own enterprise software. Instead, Rimini competes with Oracle to provide support services to customers who use Oracle's software. Pet.App.5a. Rimini is not the first such business of Ravin's. Before starting Rimini, Ravin was president of another company that purported to legitimately service Oracle's software, only to later stipulate to civil *and criminal* liability for infringing Oracle's copyrights.[3] Ravin's new company proceeded down the same path, repeatedly downloading and copying Oracle's copyrighted

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[3] *See* Trial Stip. ¶¶15-16, *Oracle USA, Inc. v. SAP AG*, No. 07-CV-1658 (N.D. Cal. Sept. 20, 2010), Dkt.911; FBI Press Release, *TomorrowNow, Inc., Sentenced on Computer Intrusion and Copyright Infringement Charges* (Sept. 14, 2011), http://bit.ly/2kVbc0j.

software for the benefit of Rimini's own customers, without obtaining Oracle's permission or paying Oracle for its copyrighted material. The scale of Rimini's unauthorized copying was massive. All told, Rimini developed a library of copies of Oracle software and support materials that was "approximately a couple times the size of ... all of the books in the Library of Congress." SER446.

There was nothing ambiguous about the nature of this activity; even petitioners' own lawyer told Ravin, "You have to admit this looks pretty bad." ER474. Nor was there anything ambiguous about the reason for all this unauthorized copying: It enabled Rimini, in the words of its own witness, to "mak[e] a crap load of money from" selling services built around Oracle's intellectual property. ER68-69. In short, as the district court found, "Rimini's business model was built entirely on its infringement of Oracle's copyrighted software and its improper access and downloading of data from Oracle's website and computer systems, and Rimini would not have achieved its ... market share and business growth without these infringing and illegal actions." Pet.App.49a.

Throughout the litigation, petitioners went to great lengths to prevent Oracle and the court from discovering this infringement. First, as the district court found, Rimini "affirmatively and irretrievably deleted" its massive library of intermingled copies of Oracle software and support materials. JA65; *see also* JA85 ("The court finds that Rimini spoliated evidence when it deleted the software library in January 2010."). That made it impossible to identify the source

of the thousands of copies that Rimini used to support its customers, which was critical since Rimini tried to defend itself by maintaining that it obtained those copies legitimately. JA87-88. The district court sanctioned Rimini for its spoliation by submitting an adverse-inference instruction to the jury. JA88-91.

Second, petitioners repeatedly and adamantly lied about "cross-use"—*i.e.*, using one licensee's copy of Oracle's software to provide support services to other customers—which Oracle's licensing agreements do not authorize. Ravin insisted in the litigation against his former company that Rimini never cross-used Oracle's software, and he did so again in his deposition in this case, stating emphatically that "[n]ever in the entire history of Rimini" did "it ever occur[] that one customer's software environment ha[d] been used to develop a fix or update that was ultimately delivered to a different customer." SER627, JA232-34. Rimini made the same representations in formal pleadings, repeatedly insisting that "each client is assigned a separate data 'silo' where Oracle Software and Support Materials for only that client are maintained." *E.g.*, SER45, 54, 73-74.

None of that was true. Notwithstanding Rimini's spoliation—which deprived Oracle of straightforward evidence of cross-use, JA87-88—Oracle proved at trial that Rimini regularly engaged in cross-use. JA107. The proof Oracle adduced was insurmountable—so much so that when Ravin was confronted with the evidence at trial, he was forced into a complete about-face, blithely admitting that Rimini engaged in cross-use "all the time" and that his earlier deposition testimony was false. JA232; *see* SER410-16.

Unsurprisingly given the overwhelming evidence of infringement (including petitioners' own belated admissions), Oracle prevailed at trial on all 93 of its copyright claims against Rimini. To remedy Rimini's infringement, the jury awarded Oracle the fair market value of a hypothetical license, which it measured at $35,600,000. Pet.App.80a. The district court awarded Oracle $28,502,246.40 in attorneys' fees, applying a 20% across-the-board discount. The court also awarded $4,950,566.70 in taxable costs and $12,774,550.26—roughly 25% less than Oracle sought—in nontaxable costs, much of which stemmed from e-discovery and expert costs attributable to countering petitioners' destruction and dissembling. Pet.App.69a-71a. And the court awarded $22,491,636.16 in prejudgment interest on the copyright award. Pet.App.27a. Finally, the court permanently enjoined Rimini from further copying the software in violation of Oracle's licenses. Pet.App.38a-39a.

The Ninth Circuit affirmed the jury's copyright verdict and copyright damages award in full, as well as the district court's prejudgment interest award. Pet.App.1a-35a. The court also affirmed the award of both taxable and nontaxable costs based on longstanding circuit precedent interpreting 17 U.S.C. §505 to permit the recovery of nontaxable costs, but reduced the taxable costs award by approximately $1.5 million due to an acknowledged clerical error by the district court. Pet.App.32a-33a. Because the court reversed on state-law claims not at issue here, however, it vacated and remanded for reconsideration of the injunction and the attorneys' fees award. Pet.App.30a-32a. On remand, the district court once

again awarded attorneys' fees and entered an injunction. Petitioners' appeal from that decision is pending.

SUMMARY OF ARGUMENT

The Copyright Act provides that a court "in its discretion may allow the recovery of *full costs*" to the prevailing party. 17 U.S.C. §505 (emphasis added). By its plain terms, the Copyright Act allows the recovery of not just some costs—such as the subset that may be taxed under 28 U.S.C. §1920—but "*full* costs," which naturally includes *all* of a prevailing party's costs, such as Oracle's significant e-discovery costs in this litigation. The contrary reading, under which "full costs" means only those costs taxable under §1920, would render the term "full," and indeed the entire first sentence of §505, superfluous, as §1920 grants courts discretion to award a prevailing party taxable costs in all cases, wholly apart from the copyright-specific rule of §505.

Petitioners seek to solve that glaring superfluity problem with the remarkable (and remarkably counterintuitive) claim that the term "full" in §505 serves not to *expand*, but to *constrain*, a district court's discretion, by depriving a court of the discretion to grant anything less than all the costs that may be taxed under §1920. But that tortured reading of the statute is refuted by its plain text; just as "full" means full, "discretion" means discretion. Indeed, petitioners identify no court that has *ever* concluded that §505's *grant* of discretion to award full costs actually constrains the court from awarding anything less than all the costs available under §1920. That presumably

explains why the United States cannot bring itself to embrace this bizarre result. *See* U.S.Br.28 n.7.

Petitioners alternatively suggest that it is not the word "full," but the word "costs," that constrains a district court's discretion, because there is a well-settled "tripartite taxonomy" under which Congress uses the word "costs" to refer only to costs taxable under §1920; "fees" to refer only to professional services; and "expenses" to refer only to things that are neither "costs" nor "fees." That imagined "tripartite taxonomy" has no grounding in the U.S. Code. The Code is littered with statutes that defy this supposed trichotomy, by, *inter alia*, referring to attorneys' fees "*as part of the costs*," or authorizing the award of "costs and expenses, including attorney's fees." Petitioners' tripartite theory is likewise incompatible with the plain text of both §505 and §1920. Section 505 grants courts discretion to "award a reasonable attorney's *fee* to the prevailing party *as part of the costs*." 17 U.S.C. §505 (emphases added). And §1920 describes five of its six categories of "taxable costs" as "fees." 28 U.S.C. §1920(1)-(5).

While the government does not embrace petitioners' "tripartite taxonomy," it still insists that §505's reference to "costs" means only those costs taxable under §1920. In its view, then, §505 simply grants courts the same discretion to award the same costs in copyright cases that courts possess in every case under §1920. But by that reading, as the government openly concedes, "the word 'full' has no practical significance." U.S.Br.14. In fact, the superfluity problem is even greater, as the government's reading would leave the entire grant of

authority in the first sentence of §505 with *no* work to do. After all, if "full costs" really just means "all taxable costs," and courts already have discretion under §1920 to grant prevailing parties all their "taxable costs," then Congress was wasting its breath not only with the word "full" in §505, but with its broader authorization to award "full costs" in §505 (and in multiple subsequently-enacted statutes).

Petitioners argue that interpreting "full costs" to include nontaxable costs would render the second sentence of §505 superfluous. But that ignores both the "American Rule" for attorneys' fees and the fact that Congress added the second sentence to the Copyright Act to clarify the continued availability of attorneys' fees precisely when courts began to transition to that now-dominant rule. The 1909 Congress' explicit inclusion of attorneys' fees amidst a mounting tide in federal law *against* awarding such fees thus was hardly superfluous, but rather clarified that "full costs" continued, just as it always had, to mean *full* costs.

With nothing in the text to support them, petitioners insist that a trilogy of this Court's cases somehow compels the Court to read "full costs" to mean only "taxable costs." But none of those cases involved the term "full costs," and none provides a basis for ignoring the canon against superfluity. To the contrary, each of those cases *relied* on that canon in rejecting alternative readings that would have created less glaring superfluity problems than the alternatives urged here.

Nor does history support petitioners' position. Petitioners suggest that "full" was the term early

legislatures used in contradistinction to "double," "treble," or "quarter" costs, but that is incorrect. When legislatures wanted to distinguish all costs from some greater or lesser amount, they used the term "single costs." Congress used that term as early as the First Judiciary Act and continues to do so today. Petitioners alternatively suggest that "full costs" had a "well-established" meaning of only "costs between party and party," not "costs between solicitor and client." But that contention is belied by the many early federal and state cost-shifting laws that allowed for recovery of attorneys' fees before the "American Rule" took hold. Surely Congress did not use the term "full costs" in 1831 to signify that copyright litigants could get something *less* than what was available in other contexts at the time. And subsequent developments in English law cannot change the meaning of the 1831 Copyright Act or explain why Congress subsequently underscored the continued availability of attorneys' fees, repeatedly re-enacted the "full costs" language in the Copyright Act, and used that language in multiple other contexts as recently as 1998.

In the end, then, petitioners are left to resort to policy arguments as a basis for ignoring plain text and glaring superfluity problems. Nothing in the statute, settled canons, or this Court's cases gives this Court license to accept petitioners' invitation. In all events, policy considerations favor reading "full" to mean full, rather than nothing at all. Petitioners invoke a policy interest in "consistency" among federal intellectual property laws, but consistency in outcomes in the face of differences in statutory text is hardly an interpretative virtue. And as this Court has repeatedly recognized, copyright and patent laws are

pointedly different when it comes to remedies and costs. The Copyright Act alone provides for statutory damages, and the Copyright Act alone authorizes the recovery of attorneys' fees broadly, not just in "extraordinary" cases. Those differences reflect Congress' considered judgment that neither litigation costs nor the difficulties attendant to proving actual damages should stand as an obstacle to vindicating copyrights. Allowing recovery of the prevailing party's "full costs," not just the subset of taxable costs awarded in all cases under §1920, is consistent with that congressional judgment and with sound copyright policy.

ARGUMENT

I. The Copyright Act's "Full Costs" Provision Authorizes Recovery Of All Litigation Costs, Not Just A Subset.

Statutory interpretation "begin[s], as always, with the text of the statute." *Permanent Mission of India to the United Nations v. City of New York*, 551 U.S. 193, 197 (2007). And when, as here, the text is clear, it ends there too. *Barnhart v. Sigmon Coal Co.*, 534 U.S. 438, 461-62 (2002). The Copyright Act provides that a court "in its discretion may allow the recovery of full costs" to the prevailing party in a copyright suit. 17 U.S.C. §505. Since 1831, each iteration of the Copyright Act has used the phrase "full costs," and Congress has employed the same phrase in multiple other statutes. "Full costs" means *full* costs; "full costs" does not mean only a subset of costs. That conclusion is compelled by the plain text, bedrock rules of statutory interpretation, historical context, and common sense.

A. The Text of the Copyright Act Is Clear.

Statutory interpretation "must begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose." *Gross v. FBL Fin. Servs.*, 557 U.S. 167, 175 (2009). The ordinary meaning of the word "full" is "lacking ... qualification," "containing as much or as many as is possible." *Merriam-Webster's Collegiate Dictionary* 505 (11th ed. 2003); *see also* 1 Noah Webster, *An American Dictionary of the English Language* 89 (1828) (cited at U.S.Br.27) ("having within its limits all that it can contain"). The ordinary meaning of the term "cost" is the "amount spent for something." *Cambridge English Dictionary*, https://bit.ly/2DLDx62 (last visited Dec. 12, 2018); *see also, e.g.*, III *The Oxford English Dictionary* 988 (1989) ("the price paid for a thing"; "outlay, expenditure, expense"). That "everyday meaning" is "synonymous with 'expenses,'" *i.e.*, the "expenses borne" in the course of litigating. *Taniguchi v. Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 573 (2012) (quoting 10 Charles A. Wright et al., *Federal Practice & Procedure* §2666 (3d ed. 1998) ("Wright & Miller")). The ordinary meaning of the term "full costs," therefore, is all expenses borne. The term "full costs" in the Copyright Act thus has a clear and straightforward meaning: Courts may award a prevailing party all of its costs, not just taxable costs or some other subset of costs.

Petitioners insist that when Congress said "full costs," it actually meant only the subset of costs that may be taxed under 28 U.S.C. §1920—a generally-applicable statute that the Copyright Act neither

mentions nor cross-references—and only up to the limits set forth in 28 U.S.C. §1821—another generally-applicable statute unmentioned in the Copyright Act. But taxable costs are not full costs; they "are a fraction" of the costs a party expends in litigation. *Taniguchi*, 566 U.S. at 573. Petitioners' reading of the statute thus "effectively reads the word 'full' out of the statute," *Twentieth Century Fox Film Corp. v. Entm't Distrib.*, 429 F.3d 869, 885 (9th Cir. 2005), in violation of the "'cardinal principle' of interpretation that courts must give effect, if possible, to every clause and word of a statute," *Loughrin v. United States*, 573 U.S. 351, 358 (2014). After all, if courts may not award prevailing copyright litigants all categories of their costs or even 100% of their costs in a given category, then there is no sense in which §505 could be understood to give courts the discretion to award prevailing parties their "full costs."

Petitioners suggest that even if "full" means all, "costs" necessarily refers to the costs specified and delimited in §1920 and §1821. But nothing in the relevant text supports that argument. Section 505 does not cross-reference or otherwise incorporate §1920 or §1821. Nor do those provisions mention the Copyright Act. Moreover, nothing in §1920 purports to be an all-purpose definition of the term costs. *But cf.* 1 U.S.C. §§1-8 (Dictionary Act provisions applicable "[i]n determining the meaning of any Act of Congress"). Rather, §1920 simply authorizes the taxing or shifting of a relatively narrow subset of litigation costs and fees. If anything, by providing a clear statutory example of what less-than-full costs looks like (a.k.a., taxable costs), and making them available as a default matter in all litigation, §1920

underscores that when Congress used "full costs" in §505, it meant full.[4]

Moreover, if "full costs" really meant only those taxable costs already available under §1920, then it is not just the term "full," but the entire grant of discretion in §505 to "allow the recovery of full costs," that would be meaningless. Section 1920 already gives district courts discretion to award a prevailing party the costs the statute enumerates, at the rates §1821 sets forth. *See* 28 U.S.C. §1920 ("A judge or clerk of any court of the United States may tax as costs the following...."). Accordingly, if §505 did nothing more than grant district courts discretion to award what §1920 already grants them discretion to award, then there would be no need to grant courts the discretion to award *any* costs, let alone "full costs," in copyright cases.

And the superfluity problem would not end there. Congress has enacted four statutes since 1976 providing for "full costs," three granting discretion to award "full costs" and one mandating a "full costs" award. *See* 17 U.S.C. §911(f); 28 U.S.C. §4001(g); 47 U.S.C. §553(c)(2); 47 U.S.C. §605(e)(3)(B)(iii). Petitioners would render superfluous the word "full" in all four, and would render superfluous the grant of discretion to award costs in three of the four. Their reading would do so despite legislative history making

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[4] Similarly, while a "full deck of cards" plainly means all 52 cards, not a subset, that meaning becomes unmistakable if the phrase is used alongside references to a euchre deck or "face cards." Likewise, while petitioners perceive the "whole" in "whole milk" to be superfluous, Petr.Br.35 n.2, it is anything but if the whole milk sits next to the skim milk in the refrigerator.

explicit the intent to permit the award of a particular category of nontaxable costs—namely, investigative costs. *See supra* p.7. Whatever one thinks of legislative history generally, this discussion underscores the obvious public meaning of the plain text and the hazards of deviating from it. A legislator familiar with the plain meaning of "full" and wondering whether investigative costs were included within the phrase "full costs" could reach only one conclusion: that they were safely within the ambit of "full."

While the plain text and the canon against superfluity alone make clear that the "full costs" that may be recovered under §505 are not limited to taxable costs under §§1920 and 1821, the balance of the text and context of §505 reinforce that full means full, not just taxable. First, the text of §505 reinforces its compensatory purposes by allowing the court to award "the recovery of full costs." "Recovery" is a term that connotes a restoration by court judgment, *see Black's Law Dictionary* (10th ed. 2014) ("The regaining or restoration of something lost or taken away"), and when that term is used in conjunction with "full costs," it reflects a broad compensatory purpose of full restoration or recovery. That compensatory purpose—and the possibility of nontrivial recoveries—is reinforced by the exclusion of the United States from the full-cost-recovery provision, presumably in an effort to protect the federal fisc. The same purpose and possibility are underscored by the express direction of discretion to the court, in contrast to §1920, which directs the ministerial process of calculating taxable costs interchangeably to clerks or judges.

The statutory context reinforces the broader full-recovery purposes reflected in the text. Section 505 is codified immediately after the Copyright Act's basic prohibition on infringement, 17 U.S.C. §501, together with three other remedial provisions addressing injunctions (§502), impoundment (§503), and damages and profits (§504). Not only does each of those sections share a broad remedial purpose, but the title to each of the four sections begins with the common phrase, "Remedies for Infringement:" with the specific subject addressed in the section following the colon. 17 U.S.C. §§502-505. To be sure, this Court has attributed varying levels of significance to titles of statutory sections. *See* Antonin Scalia & Bryan A. Garner, *Reading Law: The Interpretation of Legal Texts* 221-24 (2012) (collecting cases but generally concluding that "titles and headings are permissible indicators of meaning"). But the Court routinely relies on statutory context, even in the absence of such clear linkage among allied statutory sections. *See, e.g.*, *Robinson v. Shell Oil Co.*, 519 U.S. 337, 341, 345-46 (1997) ("The plainness or ambiguity of statutory language is determined by reference to the language itself, the specific context in which that language is used, and the broader context of the statute as a whole"). And here, both the context and section titles make unmistakable that §505 and its "full costs" language were designed to ensure full recovery in copyright cases, not merely to allow taxation of the subset of costs awarded as a default in all federal litigation.

B. Petitioners' Effort to Read "Full Costs" as a Constraint on District Court Discretion Is Unavailing.

Seeking to sidestep these glaring superfluity problems, petitioners claim that the word "full" has independent meaning but does not serve to *expand* discretion, but rather "*constrains* district court discretion regarding the *amount* of taxable costs that can be awarded." Petr.Br.16-17 (first emphasis added). According to petitioners, "full" signals that while courts have discretion to award no costs, once they decide to award some costs they "have no discretion" under the Copyright Act "to award *less* than the amounts specified in Section 1821 for each of the categories in Section 1920." Petr.Br.35 (emphasis added).

That "convoluted textual argument" is "refuted by the plain terms of the" statute. *Matal v. Tam*, 137 S. Ct. 1744, 1756 & n.4 (2017). The Copyright Act provides that "the court in its discretion may allow the recovery of full costs." 17 U.S.C. §505. Just as "full" means full, "discretion" means discretion. To read a statute that explicitly confers "discretion" to award "full costs" as implicitly eliminating discretion to award anything but the maximum amount of taxable costs "would be confusing and downright silly." *Husted v. A. Philip Randolph Inst.*, 138 S. Ct. 1833, 1844 (2018). It is no surprise, then, that the government flatly rejects this atextual argument. *See* U.S.Br.28 (courts under the Copyright Act may "award full costs, no costs, *or any amount in between*") (emphasis added).

The government makes the half-hearted argument that "full" *may* have served a marginal purpose before the Copyright Act was amended in 1976 to make the award of full costs discretionary rather than mandatory, because "a court might have thought itself obligated to award *some* costs in every suit, but free to award less than the entire taxable amount." U.S.Br.28. But even accepting that dubious premise, it would still mean, as the government candidly admits, that "the word 'full' has no practical significance" now, and ceased having any meaning in 1976. U.S.Br.14. That leaves the government with no explanation for why Congress *retained* the term "full costs" when it specifically revised the cost-shifting provision in 1976. It also leaves the government with no explanation for why Congress has enacted three other statutes, all since 1976, that give district courts "discretion" to grant a prevailing party its "full costs." *See* 17 U.S.C. §911(f); 28 U.S.C. §4001(g); 47 U.S.C. §553(c)(2)(C). If the government's theory were correct, each of those statute's grant of discretion to award "full costs" was superfluous the day it was enacted.

That is reason enough to reject the United States' position. "The canon against surplusage is not an absolute rule," *Marx v. Gen. Rev. Corp.*, 568 U.S. 371, 385 (2013), but it certainly applies where multiple sentences in multiple enactments would be rendered nugatory, and "where a competing interpretation gives effect 'to every clause and word of a statute.'" *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 107 (2011). And here, there is a readily available reading that gives every word of the statute "real and substantial effect." *Husted*, 138 S. Ct. at 1844-45.

When Congress said "full costs," it meant nontaxable, as well as taxable, costs.

C. "Costs," "Expenses," and "Fees" Are Not the Distinct Terms Petitioners Suggest.

1. Unable to reconcile their interpretation of the statute with Congress' inclusion of "full," petitioners instead try to narrow the meaning of "costs." Although §1920 by its terms does not purport to provide an all-purpose definition of costs, petitioners contend that "costs," "fees," and "expenses" are distinct and mutually exclusive terms of art: "Costs" refers *only* to the costs that "[a] judge or clerk ... may tax" under §1920; "fees" refers *only* to "the amounts charged by professional service providers"; and "expenses" refers *only* to "expenditures other than costs and fees." Petr.Br.20. Petitioners thus insist that §505's reference to "costs" necessarily means only costs taxable under §1920, and that a statute that does not refer to "expenses" or "fees" cannot be read to authorize recovery of payments to professionals or any other nontaxable costs. Petr.Br.21-25.

This supposedly "foundational statutory architecture," Petr.Br.25, finds no grounding in the U.S. Code. "Many federal statutes providing for attorney's fees continue to specify that they are to be taxed and collected as 'costs.'" *Budinich v. Becton Dickinson & Co.*, 486 U.S. 196, 201 (1988); *see also Marek v. Chesny*, 473 U.S. 1, 43-45 (1985) (Brennan, J., dissenting) (counting 63 federal statutes "that refer to attorney's fees '*as part of the costs*,'" plus "[a] number of [others]" that "authorize the award of 'costs and expenses, including attorney's fees'") (emphasis omitted). In fact, §505 is one of them: It provides that

"the court may also award a reasonable attorney's fee to the prevailing party *as part of the costs*." 17 U.S.C. §505 (emphasis added). That is not a contradiction in terms, or even an imprecise use of language. Rather, it is a commonsense recognition that the fees charged by an attorney are a litigation expense that are recoverable when a statute overcomes the presumption created by the "American Rule."

Section 1920 likewise eviscerates petitioners' effort to treat costs, fees, and expenses as mutually exclusive categories. Five of the six categories of "costs" that §1920 enumerates are expressly described as "fees." *See* 28 U.S.C. §1920(1)-(5). The only category that is not termed a "fee"—costs for "court appointed experts" and "interpreters," *id.* §1920(6)—is the only category that petitioners' theory says is a "fee" but not a "cost," as experts and interpreters are classic "professional service providers." Petr.Br.20. And §1920 is not alone in this regard. 28 U.S.C. §1923, which sets how much courts may charge for docketing certain cases in federal court (a "cost" in petitioners' supposed trichotomy), calls those charges "docket fees." 28 U.S.C. §1828, which governs reimbursements for special interpreters, who are certainly "professional service providers" who charge "fees," Petr.Br.20, calls those charges "expenses." 28 U.S.C. §1821, which petitioners claim supplies the quantitative limit of "costs," Petr.Br.20, calls the amounts that may be recovered "under th[at] section" "fees." And so on.

In short, the Code does not remotely reflect some careful trichotomy, or some artificial notion that "costs" always means taxable costs and "fees" always

means fees for professional services. Instead, fees, costs, and expenses are used interchangeably, with the precise meaning depending on context.

2. While the United States does not embrace petitioners' "tripartite taxonomy," Petr.Br.15, it advances a junior-varsity version of the same argument, insisting that the word "costs," as used in federal statutes, "encompasses only the limited subset of expenditures that are listed in Section 1920." U.S.Br.5. Thus, in its view, "the adjective 'full' ... simply authorizes courts to give prevailing litigants the entire amount of their taxable costs." U.S.Br.5. Of course, as already explained, that position has no grounding in the text of §1920 and suffers from fatal superfluity problems at multiple levels, rendering the word "full," the entire first sentence of §505, and several subsequently enacted federal statutes superfluous.

But the difficulties with the government's position do not end there. If "costs" really did mean only those costs taxable under §1920, then the term "taxable costs" would be redundant and the term "nontaxable costs" would be an oxymoron. Yet both terms have long been commonplace and continue to be used without confusion. *See, e.g.*, Fed. R. Civ. P. 23(h) ("In a certified class action, the court may award reasonable attorney's fees and nontaxable costs...."); Fee Act §1 (attorneys may charge clients for services "in addition to the taxable costs"); *cf. Taniguchi*, 566

U.S. at 575 (noting that courts understand "the line between taxable and nontaxable costs").[5]

Indeed, the Copyright Act *itself* used the term "taxable costs" alongside the term "full costs" for decades. In 1909, Congress extended copyright protections to include the exclusive right to publicly perform copyrighted musical compositions for profit. 1909 Act §1(e). The 1909 Act further conferred upon composers the right "to make any arrangement or setting of [a copyrighted work in music] or of the melody of it in any system of notation or any form of record." *Id.* While this provision gave composers protection from unauthorized recording of their unreleased works, Congress decided that if a composer chose to license one manufacturer to make mechanical reproductions of his works, then others would be allowed to record those works upon payment of a two-cent-per-work statutory royalty. And when a composer brought suit and established that the royalty was not paid, Congress provided that "the court *may* award *taxable costs* to the plaintiff and a reasonable counsel fee, and the court may, in its discretion, enter judgment therein for any sum ... not exceeding three times" the royalty owed. *Id.* (emphasis added). That provision was added in the

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[5] Presumably, even petitioners would have to concede that if §505 followed the model of Rule 23(h) and authorized the award of "nontaxable costs" rather "full costs," respondents could recover their nontaxable costs. But "nontaxable costs," like "taxable costs," are self-evidently a subset of "full costs." Thus, petitioners embrace the absurdity that by using the broader term "full," rather than the narrower term "nontaxable," Congress authorized fewer costs.

same 1909 Act that re-enacted the then-mandatory "full costs" provision for infringement actions.[6]

Not only does that confirm that Congress has long known the difference between "full costs" and "taxable costs," *Firstar Bank, N.A. v. Faul*, 253 F.3d 982, 991 (7th Cir. 2001) ("different words within the same statute should, if possible, be given different meanings"), it also belies any suggestion that "costs" and "taxable costs" are always one and the same, such that taxable costs is redundant. In reality, the terms "taxable costs" and "nontaxable costs" are entirely sensible terms that are routinely applied exactly how the average English-speaker would understand them.

Finally, petitioners and the government also face the considerable problem that their position is not as simple as arguing that "costs" necessarily refers to those categories of costs taxable under §1920. Rather, their argument features silent cross-references to both §1920 *and §1821*, such that a prevailing party under §505 does not even have the possibility of recovering the full amount of its costs for the categories of costs and fees taxable under §1920. Instead, in their view, even for those taxable categories of costs, courts may award only "the amounts specified *in Section 1821*." Petr.Br.35 (emphasis added); *see also* U.S.Br.9. Thus, rather than read "full costs" to mean what it says, petitioners and the government are left with the

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[6] That Congress awarded a limited universe of costs and made their award discretionary in this unpaid royalty context thus makes sense as a policy matter, as Congress limited remedies for unpaid royalties while allowing the full suite of remedies (including mandatory full costs) for composers who declined to license their works at all.

utterly atextual argument that "full costs" means a less-than-full portion of a less-than-full subset of costs. And they accomplish all this without an explicit cross-reference to either §1920 or §1821, and at the expense of rendering the word "full" and the first sentence of §505 superfluous. "There is no plausible reason why Congress would enact the provision that [petitioners and the United States] envision." *Husted*, 138 S. Ct. at 1844.

D. Giving §505 its Plain Meaning Does Not Create Any Superfluity.

Petitioners suggest that some degree of superfluity is inevitable under any reading of §505. In particular, they contend that if "full costs" does *not* mean just taxable costs, then the second sentence—"the court may also award a reasonable attorney's fee to the prevailing party as part of the costs"—is "entirely pointless" because attorneys' fees would already be subsumed in costs. Petr.Br.26-27. But that argument ignores the American Rule and mistakes clarity for superfluity. Given the historical context in which language designed to assure the continued shifting of attorneys' fees was added to the statute, the clarity provided by the second sentence of §505 is hardly superfluous.

Unlike the present version of §505, the original cost-shifting provision in the 1831 Copyright Act did not specify that "full costs" included attorneys' fees. Instead, it simply provided that "full costs shall be allowed." 1831 Act §12. That is unsurprising, because despite petitioners' contrary claims, "[a]t common law, attorney's fees were regarded as an element of 'costs' awarded to the prevailing party." *Budinich*, 486 U.S.

at 200. That practice prevailed in the United States at the Founding, and was reflected in early state and federal cost-shifting statutes.[7] In short, when early "costs statutes were being enacted in America," it "was well established" that the "costs" to be "awarded as of course to the winning party" included "substantial sums to defray fees for solicitors and counsel." Comment, *Distribution of Legal Expense Among Litigants*, 49 Yale L.J. 699, 700 (1940); *see also, e.g.*, *Baez v. U.S. Dep't of Justice*, 684 F.2d 999, 1002 (D.C. Cir. 1982) ("American courts adopted English practice by the early part of the nineteenth century, typically giving total reimbursement, including attorneys' fees, to the prevailing litigant.").

On occasion, an attorneys' fees award that was not grounded in a specific grant of statutory authority was rejected. *See Arcambel v. Wiseman*, 3 U.S. (3 Dall.) 306, 306 (1796). But in the first half of the nineteenth century, this Court and its members repeatedly recognized that U.S. courts generally followed the rule that attorneys' fees could be recovered. *See, e.g.*, *The Appollon*, 22 U.S. (9 Wheat.) 362, 379 (1824); *see also Bos. Mfg. Co. v. Fiske*, 3 F. Cas. 957 (C.C.D. Mass. 1820) (Story, Circuit Justice) (concluding that *Arcambel* did not compel rejection of attorneys' fees award in a patent case). Congress thus had no need to specify in the 1831 Copyright Act that "full costs" included reasonable attorneys' fees; "full costs" alone sufficed to make that clear at the time.

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[7] *See, e.g.*, 1793 Act §4; 1795 Act ch. 28; 1796 Act ch. 11; Rev. Stat. of N.Y., pt. III, ch. X, tit. I, §31 (1846-1848); Rev. Stat. of the Commonwealth of Mass., pt. III, tit. VI, ch. 121, §32 (1836); Rev. Stat. of the State of Mich., pt. III, tit. 5, ch. 1, §§8, 11 (1837).

Over the second half of the nineteenth century, however, that understanding eroded in the United States, as the American Rule, under which each party generally bears his own attorneys' fees, gained force. *See* John Leubsdorf, *Toward a History of the American Rule on Attorney Fee Recovery*, 47 L. & Contemp. Probs. 9, 17 (1984). Consistent with that newly prominent "rule," courts in the late-nineteenth century began reading cost-shifting statutes "to avoid recovery of attorney fees as costs" unless the statute expressly said otherwise. *Id.* at 22-23.

It was against this changing backdrop that Congress amended the Copyright Act's cost-shifting provision in 1909 to reiterate that "full costs shall be allowed," and to add, for the first time, "*and the court may award to the prevailing party a reasonable attorney's fee as part of the costs.*" 1909 Act §40 (emphasis added). Far from being superfluous, that language served an important purpose: "Congress included it to remove doubt," *Marx*, 568 U.S. at 385, that intervening developments had created as to whether "full costs" included attorneys' fees. Providing such clarity, and obviating the need for the courts to address contentions of ambiguity, does not implicate the canon against superfluity. *Id.* There is a fundamental difference between a statutory provision that clarifies what might otherwise be doubted and an interpretation that reads the word "full" out of the statute and renders an entire sentence (and multiple other statutory provisions) superfluous.

Moreover, by expressly including attorneys' fees "as part of the costs" to be awarded, Congress removed that doubt about the ability to recover attorneys' fees

in a manner that squarely refutes the notions that "costs" can never include "fees," and that the "costs" in the first sentence of §505 refer only to taxable costs. In short, when confronted with the question of whether it intended prevailing copyright parties to receive their "full costs" or only some narrower subset of costs, Congress answered emphatically in favor of "full costs" including attorneys' fees. And Congress has hewed to that view ever since.

II. The Plain-Text Reading Of §505 Is Entirely Consistent With This Court's Precedent.

Unable to establish that "full costs" means something less than "full costs" as a textual matter, petitioners insist that a "trilogy" of this Court's cases compels that conclusion. Petr.Br.28-32. But none of those cases involves the term "full costs." Two did not even interpret the word "costs," let alone "full costs," and all three *invoked* the canon against superfluity. Those cases thus provide no meaningful support for petitioners' effort to read "full" to mean nothing at all.

1. The first decision in petitioners' trilogy, *Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437 (1987), involved whether Federal Rule of Civil Procedure 54(d) authorizes courts to award costs "above and beyond" those set forth in 28 U.S.C. §§1920 and 1821. *Id.* at 441. At the time, Rule 54(d) provided that "costs shall be allowed as of course to the prevailing party," "[e]xcept when express provision therefor is made either in a statute of the United States or in these rules." Fed. R. Civ. P. 54(d) (1961). Then, as now, §1920 authorized federal courts and clerks to "tax as costs" "[f]ees for ... witnesses," 28 U.S.C. §1920(3), but §1821(b) imposed a "$30-per-day

witness fee limit," *Crawford Fitting*, 482 U.S. at 439. The petitioners argued that Rule 54(d) overrode that limit, but this Court disagreed. The Court concluded that §1920 "defines the term 'costs' as used in Rule 54(d)," *id.* at 441, and that "absent contract or explicit statutory authority," "a federal court is bound by the limits of §1821(b)," *id.* at 437.

Given that Rule 54(d) came long after §1920 but did not purport to overrule it, that conclusion not only was "logical," but was necessary to avoid a glaring superfluity/implied-repeal problem. If Rule 54(d) authorized costs "above and beyond" the amounts specified in §1920 and §1821, then those more "specific congressional enactment[s] on the shifting of litigation costs" would be "of no moment." *Id.* at 444. This Court rejected that result, reiterating that it "will not lightly infer that Congress has repealed" a prior law. *Id.* at 445.

At the same time, however, the Court readily acknowledged (as Rule 54(d) expressly recognizes) that Congress is free to expand the universe of recoverable costs by a separate, more specific statute, and that courts must respect "congressional intent to supersede" §1920 and §1821. *Id.* But *Crawford Fitting* addressed the interaction of a generally-applicable federal rule with two equally generally-applicable statutes, and declined to read the latter as superfluous. Thus, the rule set forth in *Crawford Fitting* is straightforward: In cases implicating only generally-applicable Rule 54(d) and not a specific statute, a prevailing party can recover only the categories of costs taxable under §1920. But when

costs are authorized by a separate statute, that separate statute controls.

That is precisely the case here. Costs in a copyright action are governed by the Copyright Act's "full costs" provision. To conclude that prevailing copyright litigants nonetheless may recover only what is generally available under §1920 and what would they receive if §505 were not on the books would create exactly the problem *Crawford Fitting* sought to avoid: It would render the "specific congressional enactment on the shifting of litigation costs" in copyright cases "of no moment." *Id.* at 441-42, 445.

2. The next case in petitioners' trilogy is *West Virginia University Hospitals, Inc. v. Casey*, 499 U.S. 83 (1991). *Casey* did not involve how to interpret the word "costs" (let alone the term "full costs"). Instead, it involved only how to interpret the term "attorney's fees." The statute at issue there, 42 U.S.C. §1988, allowed prevailing parties to recover "a reasonable attorney's fee as part of the costs." 499 U.S. at 83. The question before the Court was whether the phrase "a reasonable attorney's fee" also included "fees for services rendered by experts." *Id.* The answer was straightforward. "Attorney's fees" refer to the fees paid *to attorneys*, and experts are not attorneys. While the more general term "fees" may well capture both, the Court concluded that reading the more specific term "attorney's fees" to encompass expert fees would read "attorney's" out of the statute. *Id.* at 92.

That holding might foreclose an effort to recover certain costs if the *second* sentence of §505 stood alone. But it does not. The question here is whether the term "full costs" in the *first* sentence of §505 grants courts

discretion to award prevailing parties their full costs. As to that question, *Casey* only fortifies the conclusion that "full" cannot be read out of the statute. Just as reading "attorney's fees" to include all professional fees would blue-pencil "attorney's" out of §1988, reading "full costs" to mean only those costs already available under §1920, as limited by §1821, would read "full" out of §505. Far from supporting petitioners' position, then, *Casey* affirmatively undermines it.

3. Petitioners' final case, *Arlington Central School District Board of Education v. Murphy*, 548 U.S. 291 (2006), is no more helpful to them. *Murphy* involved whether an attorneys'-fees-shifting statute virtually identical to the one in *Casey* permitted recovery of expert fees. *Id.* at 294; *compare* 20 U.S.C. §1415(i)(3)(B) (permitting "reasonable attorney's fees as part of the costs"), *with* 42 U.S.C. §1988 (permitting "a reasonable attorneys' fee as part of the costs"). The principal difference asserted was the presence of some legislative history favoring a broader construction of the text, which ultimately did not move a majority of the Court. As in *Casey*, the Court held that the statute did not authorize recovery of expert fees, reasoning once again that "the term 'attorneys' fees,' standing alone, is generally not understood as encompassing expert fees." *Murphy*, 548 U.S. at 303. Again, that holding has no bearing here.

Indeed, *Murphy* is (if possible) even less relevant here because it involved whether plaintiffs could recover expert fees against state officials *under spending power legislation*. *That* is why the Solicitor General urged, and the Court applied, a "clear

statement" rule in that case, reasoning that states must be given "clear notice" if they were expected to take on such an obligation. *Id.* at 300, 324. Section 505, by contrast, is an exercise of Congress' constitutional power to make copyright law, *see* U.S. Const. art. I, §8, cl. 8, a context in which no comparable "clear statement" rule applies. In all events, neither *Murphy* nor *Casey* held that a prevailing plaintiff cannot recover expert fees (or other costs not taxable under §1920, such as e-discovery costs) when, as here, a statute expressly authorizes recovery of "full costs." Instead, they simply refused to give the term "attorney's fees" an "open-ended" interpretation that contradicted text, history, and logic. *Murphy*, 548 U.S. at 297. That hardly supports adopting an equally atextual, ahistorical, and illogical interpretation of §505 here.

III. Historical Context Confirms That "Full Costs" Means Full Costs.

With no explanation for what work "full costs" is doing in §505 today, petitioners invoke a variety of historical arguments to buttress their theory that neither "full" nor the first sentence of §505 (or the multiple recently-enacted statutes that use the same term) has any contemporary relevance. According to petitioners, "full costs" historically meant, alternatively, whatever state law provided, single costs, or nothing at all. But the historical record in this country and the English practice as of 1831 affirmatively refute petitioners' theories. And in all events, nothing in the murky historical record is remotely sufficient to disregard the clear text of the copyright laws, which have provided for "full costs"

both before the 1853 Fee Act and long after petitioners can attribute any meaning to that term.

A. "Full Costs" Did Not Have Any of the Various Meanings Petitioners Try to Give it in 1831.

1. Petitioners first suggest that "full costs" was shorthand in 1831 for "costs taxed pursuant to a statutory schedule." Petr.Br.40. But even petitioners agree that there was no default federal "statutory schedule" when Congress first provided for the recovery of "full costs" in copyright cases in 1831.

Petitioners try to solve that problem by maintaining that the 1831 Copyright Act was meant to incorporate *state* "statutory schedules." Petr.Br.40. But Congress was well aware in 1831 of how to incorporate state-law costs provisions into a federal cost-shifting statute, yet it did not do so in the Copyright Act. The 1793 Act and its successors did exactly that, providing that prevailing parties shall "be allowed ... such compensation for their travel and attendance, and for attornies and counsellors' fees ... *as are allowed in the supreme or superior courts of the respective states.*" 1793 Act §4 (emphasis added); *see also* 1795 Act ch. 28; 1796 Act ch. 11. Congress likewise did not shy away from being explicit when it wanted to incorporate state law after 1831. *See* Act of Mar. 3, 1841, ch. 35, §1, 5 Stat. 421, 427 ("it shall and may be lawful for the United States clerks, attorneys, counsel, and marshals ... to demand and receive the same fees that now are, or hereafter may be, allowed by the laws of the said States").

That is manifestly *not* the approach Congress took in the Copyright Act. Instead, it provided: "In all

recoveries under this act, ... *full* costs shall be allowed thereon, *any thing in any former act to the contrary notwithstanding*." 1831 Act §12 (emphases added). Petitioners cannot explain why this Court should interpret a statute that expressly rejected the approach of earlier federal costs statutes as nonetheless silently incorporating them.

Nor can they explain how it is that the Copyright Act purportedly shifted from incorporating state law during its first 22 years of life to later incorporating the 1853 Fee Act, despite repeated re-enactments of the copyright-specific "full costs" regime. Indeed, even as subsequent Congresses failed to make adjustments for inflation, *compare* 28 U.S.C. §1923(a) (authorizing "$2.50 for each deposition admitted in evidence"), *with* Fee Act §1 (same), Congress re-enacted the "full costs" language in the copyright context. There is no indication that any of the Congresses that re-enacted the "full costs" language in subsequent iterations of the Copyright Act (or used the term "full costs" in other statutes) thought that it really meant "only those costs available under the Fee Act or its successors." In reality, the very fact that Congress repeatedly retained the term "full costs" even as it completely overhauled the Copyright Act—and indeed made manifestly clear in 1909 that the "full costs" provision was broader than the Fee Act—is itself compelling evidence to the contrary.

Petitioners' argument is also at odds with other cases from this Court involving the Fee Act, as the Court has repeatedly refused to read the Fee Act as impliedly repealing courts' pre-existing equitable powers to "gran[t] reimbursement for the costs of

litigation other than the conventional taxable costs" in certain circumstances. *Sprague v. Ticonic Nat'l Bank*, 307 U.S. 161, 166 (1939); *see also Alyeska Pipeline Serv. Co. v. Wilderness Soc'y*, 421 U.S. 240, 257 (1975) (collecting cases demonstrating that "the 1853 [Fee] Act was read as not interfering with [this] historic power of equity"). Given that this Court did not read the Fee Act to displace judge-made principles of equity, it would be remarkable to read that same Act as displacing a repeatedly re-enacted federal *statute* erecting a copyright-specific rule for costs recovery.

2. The second problem with petitioners' theory is that the very state "statutory schedules" that they maintain Congress meant to incorporate by inference were *not* confined to the "ordinary (or 'party and party') costs" that petitioners insist was all "full costs" ever meant. Petr.Br.40. Many state laws expressly allowed for recovery of attorneys' fees in 1831. *See supra* pp.29-30 & n.7. The very state statute petitioners identify as their seminal example of how costs purportedly were "strictly limited" to costs "*as between party and party*," Petr.Br.38, expressly allowed for recovery of attorneys' fees. *See* Rev. Stat. of N.Y., pt. III, ch. X, tit. I, §7.2 (1846-1848). Congress itself also recognized that states allowed attorneys' fees when it provided in the 1793 Act that a prevailing party could recover "attornies and counsellors' fees ... as are allowed in the supreme or superior courts of the respective states." 1793 Act §4. And even the 1853 Fee Act provided for the recovery of attorneys' fees, while limiting the amounts taxable to the losing party. *See, e.g.*, Fee Act §1 (authorizing recovery of $5 per day for district attorney in criminal cases and in all cases for $2.50 for every deposition admitted into evidence).

Thus, even on petitioners' own theory of what Congress was trying to accomplish in 1831, it was anything but "well-established" that "full costs" meant only "party and party" costs at that juncture. Petr.Br.40. To the contrary, Congress' decision to expressly clarify that "full costs" included "a reasonable attorney's fee" in 1909 strongly suggests precisely the opposite: Congress *always* intended "full costs" to include *all* of a prevailing party's costs, not just "ordinary (or 'party and party') costs taxed pursuant to a statutory schedule." Petr.Br.40.

3. Shifting gears, petitioners maintain that Congress borrowed the term "full costs" from state laws that used it not to indicate that the full range of costs were recoverable, but "simply in contrast to [allowing for] double, treble, 'two thirds,' ... or even 'one quarter'" of costs. Petr.Br.39; *see also* U.S.Br.17-18. But that is not how state statutes used the term "full costs." When states wanted to contrast single costs from multiple or fractional costs, they used the term one would expect: "single costs." Each of the state statutes petitioners reference did exactly that. *See* Rev. Stat. of N.Y., pt. III, ch. X, tit. I, §29 (1846-1848) ("[w]henever ... a plaintiff shall be entitled to recover double or treble the damages assessed by a jury, ... he shall recover single costs only in such suit"); Rev. Stat. of the Commonwealth of Mass., pt. III, tit. VI, ch. 121, §18 (1836) ("In all cases, in which any party is entitled to recover double costs, the sums paid as fees to witnesses, and for the costs of taking depositions and procuring evidence, and for copies,

and all court dues, shall be taxed and recovered singly....").[8]

More damning still, Congress itself used the term "single," not "full," in contrast to "double costs" as early as 1789. *See* Judiciary Act of 1789, ch. 20, §23, 1 Stat. 73, 85 (identifying circumstances in which courts "shall adjudge or decree to respondent in error just damages for his delay, and single or double costs at their discretion"). And Congress has continued to do so ever since. *See, e.g.*, 28 U.S.C. §1912 ("Where a judgment is affirmed by the Supreme Court or a court of appeals, the court in its discretion may adjudge to the prevailing party just damages for his delay, and single or double costs."); Fed. R. App. P. 38 (allowing award of "just damages and single or double costs" in frivolous appeals). So, too, has this Court. *See* Sup. Ct. R. 42.2 (allowing award of "just damages, and single or double costs" for frivolous petitions for certiorari). Neither petitioners nor the United States can identify even one statute—state or federal—that *ever* used the term "full costs" "in contrast with provisions that adjusted the amount of costs awardable." U.S.Br.17.

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[8] The same is true of the bulk of the state statutes the government cites. *See* U.S.Br.17 & n.1. To the extent they used any term in contradistinction to "double," "treble," "half," or "quarter" costs, it was "single," not "full." *See, e.g.*, Rev. Stat. of the State of N.Y., pt. III, ch. X, tit. I, §23 (1829) (plaintiff who recovers "double or treble damages" "shall recove[r] single costs only"); *id.* §25 (even if defendant recovered "double or treble costs," counselors, witnesses, and jurors could receive "only the single costs allowed by law"); Rev. Stat. of the State of Mich., pt. III, tit. 5, ch. 1, §§9, 11 (1837) (same); Rev. Stat. of the State of Wisc., tit. XXIX, ch. 131, §§11, 13 (1849) (same).

Finally, petitioners' theory as to why Congress enacted the 1831 Copyright Act does nothing to solve the superfluity problem. According to petitioners, the "express" purpose of the 1831 Copyright Act was to displace a provision of the First Judiciary Act under which a prevailing plaintiff could recover *no* costs, and could be required to pay the *defendant*'s costs, if his damages were less than $500. Petr.Br.40-41 (citing 1 Stat. 73, 83).[9] But as the government acknowledges, that theory does nothing to explain why Congress used the term "full costs." After all, "[i]f the 1831 Act's cost-shifting provision had that effect, ... it was not because that law allowed plaintiffs to recover their 'full costs.'" U.S.Br.28 n.7. Instead, it was because the 1831 Copyright Act "made cost awards mandatory 'in all recoveries under this act.'" *Id.* Under petitioners' theory, then, the word "full" was *never* doing any work in the statute.

The United States at least tries to explain what the term meant, suggesting that because the statute provided that full costs "shall" be awarded, "a court might have thought itself obligated to award *some* costs in every suit, but free to award less than the entire taxable amount," if Congress did not specify that it meant "full costs." U.S.Br.27-28. But the United States does not identify any evidence to support this made-for-litigation theory, which in all

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[9] Notably, petitioners get this theory not from the legislative history of the 1831 Copyright Act, but from the legislative history of the Copyright Act *of 1909*. Petr.Br.40-41. And even petitioners are forced to concede (with considerable understatement) that legislative history from 78 years later "might not reflect the intent of the 1831 Congress." Petr.Br.41-42.

events seems inconsistent with its broader theory that "costs" always and everywhere means the categories and limitations on costs set forth in §1920 and §1821. This theory is also inconsistent with the reality that Congress' failure to include the word "full" in the Patent Act and Lanham Act, each of which provides that "costs" "shall" be awarded, *see* 35 U.S.C. §284; 15 U.S.C. §1117, has not been understood to leave courts free to award something less than all of a prevailing party's taxable costs. Try as they might, then, petitioners and the United States simply cannot point to anything in the history of the Copyright Act that would justify ignoring its plain text.

B. "Full Costs" Was Not Limited to "Party and Party" Costs in England in 1831.

Petitioners' efforts to find support across the Atlantic fare no better. Petitioners claim that "'full costs' had a well-established meaning" in *English* practice that included only "ordinary (or 'party and party') costs taxed pursuant to a statutory schedule." Petr.Br.40. But while "full costs" did indeed have an ordinary meaning in England, that is not what it was in 1831 and before. "Full costs" referred historically to *all* costs, not just (as petitioners would have it) "costs between party and party."

Since at least as early as the Statute of Gloucester, 6 Edw. I., c. 1 (1278) (Eng.), a prevailing party in England could recoup a broad suite of litigation expenses. As Lord Coke catalogued, courts consistently applied the statute to allow plaintiffs to recover "all the legall cost of the suit," except for their "travell and losse of time." Coke, *supra*, at 288. Thus, "'costs' under the English system included not merely

the fees which the party has had to pay to the officers of the court at the different stages of the litigation, but likewise the fees which he has had to pay to his own lawyers," as well as various "other expenses of preparing his case for trial." McCormick, *supra*, at 235; *see also, e.g.*, *In re Paoli R.R. Yard PCB Litig.*, 221 F.3d 449, 457 (3d Cir. 2000) ("The cardinal principle of the English system was one of total reimbursement."); *Race Tires Am., Inc. v. Hoosier Racing Tire Corp.*, 674 F.3d 158, 164 (3d Cir. 2012) (describing 1853 Fee Act as a "'depart[ure] from the English practice of attempting to provide the successful litigant with total reimbursement'" (quoting Wright & Miller §2665)).[10]

Copyright cases were no exception. Consistent with the Statute of Gloucester, the Statute of Anne proceeded on the understanding that a prevailing copyright plaintiff, like any other prevailing plaintiff, could recover all of its costs. And like other contemporary laws, *see, e.g.*, 23 Hen. VIII, c. 15 (1531) (Eng.); 4 JAC. I, c. 3 (1607) (Eng.); 8 Eliz., c. 2 (1566) (Eng.), the Statute of Anne took cost-shifting one step further, providing that a prevailing *defendant* could also broadly recover its costs in a copyright case. To accomplish that result, the Act provided that a prevailing defendant could recover its "full costs." *See* 8 Anne, c. 19, §8 (1710) (Eng.). By doing so,

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[10] Because costs recovery in Gloucester-era England was a creature of legislation, Parliament could restrict or expand the default right to full recovery if it saw fit. *See, e.g.*, 21 JAC. I, c. 16, §6 (1623) (Eng.) (slander plaintiffs could receive no more costs than damages when they recovered less than 40 shillings). But absent such express rules, all costs were recoverable. *See Witham*, 95 Eng. Rep. at 703 (awarding all costs where statute providing cause of action was silent on the issue).

Parliament made clear that *whichever* party prevailed could recover all of its costs.

Petitioners tell a very different story, insisting that it was "well-established" in England that a prevailing party could recover only "costs between party and party," even if a statute allowed for recovery of "full costs." Petr.Br.2-4. But petitioners neglect to mention that the "between party and party" rule they invoke was a *departure* from the Gloucester regime that did not take hold until the mid-1800s—after the 1831 Copyright Act and more than a century after the Statute of Anne.

The middle of the nineteenth century was a time of great turmoil for costs-recovery rules in England. This is well illustrated by the 1853 treatise upon which petitioners rely, which begins by explaining that the author had to discard all past treatises and begin his analysis from scratch because sources written just a few decades earlier were now "practically obsolete." John Gray, *A Treatise on the Law of Costs* iii (1853); *see also* "Gray's Law of Costs," in *Catalogue of Law Works Published by Messrs. Butterworth* 15 (1856) (lauding Gray's treatise in light of "the various changes which the law has recently gone"). Some of these changes were brought about through cases that adopted increasingly narrow conceptions of what costs could be recovered. But the most important changes came from Parliament, which began by enacting a law in 1842 that expressly repealed all statutes that allowed for anything more than "Costs between Party and Party," and replaced them with a default rule that a prevailing party could recover only "Costs between Party and Party ... *and*

no more." Limitations of Actions and Costs Act, 5 & 6 Vict., c. 97 (1842) (Eng.) (emphasis added).

Petitioners mention none of this history, which shows that the sort of explicit verbiage they claim was necessary to shift costs beyond those between party and party (*e.g.*, "full costs *and expenses*" or "all costs, *charges, and expenses*," Petr.Br.3) did not become necessary in England until well after the Statute of Anne and after 1831. Indeed, that language itself comes straight out of Parliament's 1842 Act, and each of the statutes petitioners identify as using it was enacted *after* that seminal change in the law.

That history makes it understandable (and highly problematic for them) that petitioners cannot identify a single source *before* 1831 that interpreted the term "full costs" to mean only "party and party costs." The best they can muster is *Irwine v. Reddish* (1822), 106 Eng. Rep. 1382 (K.B.), which concluded that "no distinction is known in the law between costs and full costs." *Id.* at 1383. But even if the British judge who authored the per curiam opinion in *Irwine* was a faint-hearted textualist, it is of no moment because *Irwine* never addressed the question of what costs came within the term "full costs" in 1822, at a time when the British concept of costs unmodified was still inclusive. Thus, *Irwine* is irrelevant in interpreting the 1831 Copyright Act or in determining whether "full costs" was then understood in England as limited to "party and party costs."[11]

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[11] *Irwine* involved whether a statute that empowered a judge to reduce a prevailing party's "costs" by certificate if the party recovered less than 40 shillings applied to a statute that provided for "full costs." 106 Eng. Rep. at 1382. The courts had already

It was not until several decades later (and several decades after the 1831 Copyright Act) that English courts began suggesting that "full costs" meant only "party and party" costs (and, oddly, invoking *Irwine* for that proposition). *See, e.g., Jamieson v. Trevelyan* (1855), 156 Eng. Rep. 642 (Exchequer). And the first English case that *ever* addressed that question in the context of copyright law did not come until 1891—and the only authorities it cited for its conclusion that "full costs" are confined to "costs between party and party" were *Irwine* and *Jamieson*. *See Avery v. Wood & Sons* (1891), 65 L.T. 122 (Eng.). It was thus anything but "well established" in 1831 that the term "full costs" somehow deviated from the ordinary English practice of allowing a prevailing plaintiff to recover "*all* the legall cost of the suit." Coke, *supra*, at 288 (emphasis added).[12]

In all events, whatever changes in costs law were taking place (and whatever modes of statutory construction were *au courant*) across the Atlantic in the 1800s, it is abundantly clear that *Congress* did not think that "full costs" were confined to "costs between party and party" in 1831 (or in 1853 or even in 1909),

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held that the 40-shillings statute overrode statutes allowing a plaintiff to recover its "costs," and it was in the context of extending those decisions to a "full costs" statute that the court made the "no distinction" statement. As such, the court did not address what "full costs" (or "costs") encompassed at the time.

[12] That English courts often held expert fees outside the scope of "party and party" costs once the party-to-party regime took hold, Petr.Br.37-38, is therefore of little moment. That would matter only if petitioners were correct that it was "well-established" in 1831 that "full costs" included only "party and party" costs, and they are not.

as Congress itself repeatedly provided that parties could recover attorneys' fees as early as 1789, and many states followed the same practice in 1831 and beyond. Surely Congress did not think that it was awarding *less* than was available under earlier federal statutes or in the states when it used the term "full costs" in lieu of delineating specific types of costs that could be recovered.

Instead, when Congress used the term "full costs" in 1831, it plainly meant what it said, and plainly was informed by the long-settled practice in Gloucester-era England and then-prevalent practice in the United States. And under that practice, a prevailing party could recover "not merely the fees which the party has had to pay to the officers of the court at the different stages of the litigation, but likewise the fees which he has had to pay to his own lawyers," as well as various "other expenses of preparing his case for trial." McCormick, *supra*, at 235. That is the rule Congress established in 1831, and it is the rule Congress maintained when it retained the Copyright Act's longstanding "full costs" regime in every revision of the Copyright Act since.

IV. Policy Considerations Support Interpreting "Full Costs" To Include All Forms Of Costs.

The parties here can agree about one thing: The Court "need not look to policy considerations at all." Petr.Br.42. When the text of the statute is clear and the plain-language construction avoids superfluity and implied repeals, there is no occasion to look to policy considerations. That said, petitioners' interest in avoiding a policy discussion is understandable, as the availability of "full costs" to prevailing parties

advances copyright policy. Likewise, petitioners' concern about creating differences between copyright and patent law is misplaced, as some degree of differential treatment is inevitable given that the text of the statutes is different in multiple key respects.

1. Copyright infringement actions are expensive, and increasingly so. Shyamkrishna Balganesh, *Copyright Infringement Markets*, 113 Colum. L. Rev. 2277, 2286 (2013). That is largely owing to the cost of discovery, which today "form[s] a large part of copyright litigants' expenses." *Id.* at 2289. As this case proves, copyright cases routinely require the need to collect and review massive amounts of materials, and often involve voluminous collections from myriad sources within multiple companies. Yet nearly every dollar spent on discovery falls outside the ambit of the costs taxable under §1920. As a result, unless the term "full costs" is given its ordinary meaning, such that both taxable and nontaxable costs may be awarded, those discovery expenses will be sunk costs even when a plaintiff prevails in proving infringement.

Moreover, without the possibility of recovering *all* of their costs, some injured copyright holders might be deterred from bringing an infringement action at all. That is no mere speculation. Although Congress has attempted to provide ample incentives to vindicate copyrights through a variety of mechanisms (including statutory damages, attorneys' fees, and a generous costs provision, *see* 17 U.S.C. §§504, 505), the costs of vindicating copyrights through infringement remain daunting. And as those costs have risen, the number of copyright claims litigated in court have decreased,

with actions declining by more than half from 2007 to 2011. *See* Admin. Office of the U.S. Courts, *Judicial Business of the United States Courts: 2011 Annual Report of the Director* 130 (2011).

The surest way to exacerbate that trend would be to ignore the plain text of §505 and force would-be plaintiffs to view e-discovery and other necessary costs of litigation as irretrievably sunk. Honoring the plain text, by contrast, not only gives proper incentives to copyright holders to vindicate existing copyrights, but also helps ensure that less-well-heeled individuals have an incentive to create. The Constitution's Copyright Clause and the American copyright system more generally are "based on the belief that by granting authors the exclusive rights to reproduce their works, they are given an incentive to create." *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 477 (1984) (Blackmun, J., dissenting). That incentive obviously would be dulled if would-be creators could not afford to protect their exclusive rights by litigation, especially since the only way to vindicate a copyright (unlike a patent) is through private litigation.

Petitioners note that §505 allows courts to award costs to prevailing defendants as well as prevailing plaintiffs, and claim that this will dissuade "'starving artist[]' rights-holders" from "assert[ing] meritorious claims against 'corporate behemoths.'" Petr.Br.47 (first alteration in original). That argument suffers multiple defects. First, the possibility of deterring frivolous copyright claims by awarding costs to prevailing defendants was obviously a judgment Congress made in 1831 and ever since in providing for

"full costs" to prevailing plaintiffs and defendants alike. Second, as this Court pointed out in rejecting an analogous argument about attorneys' fees, many copyright defendants are also copyright holders. *See Fogerty*, 510 U.S. at 525. Third, petitioners ignore the discretion granted to district courts when it comes to whether to award "full costs." The idea that judges will exercise their discretion to award maximum costs against impecunious plaintiffs with credible but ultimately unsuccessful claims in favor of "corporate behemoths" blinks reality. Finally, petitioners ignore that if a starving artist has a *meritorious* claim, then the potential to recover all the costs that a "corporate behemoth" defendant may inflict will serve only to *encourage* the artist to bring its claim. The contrary rule, by contrast, will almost certainly *discourage* the artist from bringing suit at all.

2. Petitioners claim that their position "is more administrable than" the plain-text regime the Ninth Circuit has followed for the past 15 years. Petr.Br.47. That claim ignores the multiple questions that can arise (and have arisen) over the application of §1920, as well as questions that can arise (and have arisen) over when awarding nontaxable costs is an appropriate sanction for litigation misconduct. All of those questions are essentially mooted under a regime where courts have discretion to award up to the full amount of litigation costs without any need to determine which costs are taxable or which conduct is sanctionable. Not surprisingly, the Ninth Circuit has experienced little difficulty administering the statute as written since *Twentieth Century Fox*, and this case perfectly illustrates how courts can use their

discretion to avoid deciding more difficult questions concerning sanctions.

The questions that can arise under §1920 are manifold. An award of taxable costs "must be carefully tailored" to the items listed in §1920 and may not exceed the limits of §1821. *Rodriguez-Garcia v. Davila*, 904 F.2d 90, 100 (1st Cir. 1990). Yet the terms of those provisions are hardly self-defining. For instance, §1920 authorizes courts and clerks to "tax as costs" "Fees and disbursements for printing and witnesses." 28 U.S.C. §1920(3). But it does not say which witnesses are covered, leaving courts to decide. Wright & Miller §2678 (collecting cases). Even something as seemingly straightforward as whether to allow the expense of transcripts or demonstratives has produced litigation. *See id.* §2677.

Moreover, a "full costs" regime obviates the need to consider whether spoliation or other litigation misconduct of the kind petitioners engaged in here merits the award of nontaxable costs as a discovery sanction pursuant to a court's inherent powers. *See Goodyear Tire & Rubber Co. v. Haeger*, 137 S. Ct. 1178, 1187-88 (2017); *Chambers v. NASCO, Inc.*, 501 U.S. 32, 45 (1991). Questions about the scope of and authority for such sanctions are a fertile ground for litigation, with the same courts sometimes disagreeing about requisite intent or standard of proof.[13] A discretionary "full costs" regime allows

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[13] *Compare, e.g., Zambrano v. City of Tustin*, 885 F.2d 1473 (9th Cir. 1989) (reversing sanctions due to lack of intent), *with Fink v. Gomez*, 239 F.3d 989, 994 (9th Cir. 2001) ("recklessness when combined with an additional factor such as frivolousness, harassment, or an improper purpose" is enough); *and, e.g., In re*

courts to sidestep those difficult questions and simply make a judgment about which litigation costs should be reimbursed.

This is a case in point. Petitioners engaged in substantial litigation misconduct, including destroying evidence and baldly lying about critical issues, such as the extent of cross-use at Rimini. *See supra*. The district court had ample authority to shift costs as a sanction for that misconduct, but under well-established Ninth Circuit law, there was no need to delve into that inherent-power question. Rather, the court used its discretion to award full, not just taxable, costs to shift substantial amounts of e-discovery and other nontaxable costs that were incurred in large part because of petitioners' misconduct, while providing an across-the-board 25% discount. That approach obviated the need to address questions of inherent power or which costs were caused by what misconduct. All of those questions would be open and need to be decided on remand if this Court were to reverse. *See* BIO.23 n.7.

While the discretionary full-costs regime that has held sway in the Ninth Circuit for decades can avoid difficult questions about the precise scope of §1920 or courts' inherent power, the exercise of sound discretion has not generated any difficulties in application or review. That is hardly surprising. District courts in the Ninth Circuit exercise the same discretion over costs as courts nationwide exercise over attorneys' fees. Here, for example, the court

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Moore, 739 F.3d 724, 730 (5th Cir. 2014) (requiring clear and convincing evidence), *with White v. Reg'l Adjustment Bureau, Inc.*, 647 F. App'x 410, 411 n.1 (5th Cir. 2016) (preponderance).

awarded 80% of the total attorneys' fees sought and 75% of nontaxable costs, while awarding half the costs of one particular expert. Neither discretionary power has been a source of difficulty. Indeed, even the government acknowledges that §505's treatment of attorneys' fees places considerable discretion in the hands of district courts and yet this Court has deemed the regime perfectly "administrable." U.S.Br.29 (quoting *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1987 (2016)). That courts might come to divergent conclusions in exercising discretion does not mean that the system is difficult to administer. It is simply the unremarkable product of a grant of discretion.

3. Finally, petitioners insist that interpreting the Copyright Act consistent with its plain terms "would introduce an inexplicable rift in federal intellectual property cost recovery" because the Lanham Act and the Patent Act do not authorize recovery of "full costs." Petr.Br.45; *see also* U.S.Br.30. But no matter how this Court resolves the question presented, there will be a "rift" between the treatment of costs under the copyright and patent/trademark laws. While the Copyright Act grants a court discretion to award full costs, 17 U.S.C. §505 ("in its discretion"), the trademark and patent statutes make an award of costs mandatory, 15 U.S.C. §1117(a) ("shall be entitled"); 35 U.S.C. §284 ("shall award"). And while the trademark and patent laws allow an award of attorneys' fees as part of costs only in "exceptional" cases, 15 U.S.C. §1117(a); 35 U.S.C. §285, attorneys' fees are available in all copyright cases, exceptional or not.

There is nothing "inexplicable" about these differences. They are explicable in the most obvious way imaginable: The different treatment follows ineluctably from different statutory text. And even beyond rules for costs recovery, there are other distinct copyright rules with no analog in trademark or patent law designed to facilitate the vindication of copyrights. As mentioned, since the very first Copyright Act, Congress has allowed copyright owners to recover statutory damages for infringement. *See, e.g.*, Act of May 31, 1790, ch. 15, §§2, 6, 1 Stat. 124, 125 (authorizing recovery of "fifty cents for every sheet which shall be found in [the infringer's] possession"). Consistent with Congress' recognition that proving actual damages from copyright infringement can be difficult, statutory damages remain available even where "no actual damage had been shown." *Douglas v. Cunningham*, 294 U.S. 207, 208 (1935). Patent law, by contrast, makes no provision for statutory damages, and trademark law permits statutory damages only for counterfeit marks and cybersquatting, not for ordinary infringement. *See* 15 U.S.C. §1117(c)-(d).

The availability of statutory damages, attorneys' fees in non-exceptional cases, and "full costs" is not the product of some inexplicable indulgence to copyright owners. Those remedies are a recognition of core distinctions between copyrights and other intellectual property rights. Whereas patents are generally understood as "industrial property" rights, copyrights generally protect individuals and "reflect the personal values of authors and artists," as well as "society's interest in encouraging such creative activity." Richard H. Stern, *The Bundle of Rights Suited to New*

Technology, 47 U. Pitt. L. Rev. 1229, 1231 n.1 (1986). Consistent with that understanding, copyrighted works can merit full protection even when they are not commercially valuable. *See* Robert Spoo, *Three Myths for Aging Copyrights:* Tithonus, Dorian Gray, Ulysses, 31 Cardozo Arts & Ent. L.J. 77, 82 (2012) ("under our present laws, all ... works," even those "of no economic value," "are protected ... when they are 'fixed' in a tangible medium of expression"); *see also* Samuel D. Warren & Louis D. Brandeis, *The Right to Privacy*, 4 Harv. L. Rev. 193, 198 (1890).

As this Court thus has explained, "a rule of liability which merely takes away the profits from an infringement would offer little discouragement to infringers," and indeed, little incentive to bring infringement actions in the first place. *F.W. Woolworth*, 344 U.S. at 233. Moreover, many copyright actions seek only injunctive relief, not monetary damages. Particularly in that context (or a context where only minimal statutory damages are available), bringing an infringement action that requires considerable e-discovery costs and attorneys' fees makes sense if and only if the copyright owner has the potential to recover those costs.

In short, sound copyright policy demands adequate incentives for creators to bring meritorious infringement actions. That is especially true when it comes to things like e-discovery costs, which are by no means voluntary. If those costs cannot be recovered even when the trial judge finds their recovery appropriate, then some meritorious suits will not be brought. The copyright laws have protected against that possibility for nearly two centuries through the

promise of "full costs." Abandoning that straightforward promise and restricting prevailing parties to a subset of costs in contravention of Congress' clear command would disregard clear text and undermine sound copyright policy.

CONCLUSION

For the foregoing reasons, the Court should affirm.

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IN THE
Supreme Court of the United States

RIMINI STREET, INC., AND SETH RAVIN,

Petitioners,

v.

ORACLE USA, INC., ORACLE AMERICA, INC., AND ORACLE INTERNATIONAL CORPORATION,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

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RULE 29.6 STATEMENT

The corporate disclosure statement contained in the Brief for Petitioners remains accurate.

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REPLY BRIEF FOR PETITIONERS

The arguments of respondents and their *amici* support reversal, not affirmance:

Text: They focus on the adjective "full," while ignoring the meaning of the noun "costs," in 17 U.S.C. § 505. As this Court recently explained, "[a]djectives modify nouns." *Weyerhaeuser Co.* v. *U.S. Fish & Wildlife Serv.*, 139 S. Ct. 361, 368 (2018). Section 505 itself establishes that the noun "costs" does not include nontaxable expenditures.

Precedent: They assume that "costs" means any "expenses borne in the course of litigating." Resp.Br.17. But this Court has repeatedly rejected this assumption, holding that "'costs' is a term of art" limited to the taxable costs "set out in 28 U.S.C. § 1920." *Arlington Cent. Sch. Dist. Bd. of Educ.* v. *Murphy*, 548 U.S. 291, 297-98 (2006).

History: They argue that, at some unspecified point in the past, the term "full costs" permitted shifting all litigation expenses. But they do not cite a single decision in which any court awarded open-ended expenditures (such as expert fees) in a copyright case before the Ninth Circuit's rogue decision in *Twentieth Century Fox Film Corp.* v. *Entertainment Distributing*, 429 F.3d 869 (9th Cir. 2005).

Policy: They think compensating rights-holders serves the purposes of the copyright laws, but the pertinent consideration is uniformity among federal cost- and fee-shifting statutes—which is served by consistently construing "costs" as the taxable costs enumerated in Section 1920 unless Congress explicitly provides otherwise.

I. STATUTORY TEXT AND STRUCTURE.

After petitioners' principal brief was filed, this Court issued a unanimous decision that all but resolves this case. In *Weyerhaeuser*, this Court considered a governmental designation of certain land as "critical habitat" of the dusky gopher frog under the Endangered Species Act. 139 S. Ct. at 364. The decision turned on the grammatical structure of the statutory terms:

> Our analysis starts with the phrase "critical habitat." According to the ordinary understanding of how adjectives work, "critical habitat" must also be "habitat." *Adjectives modify nouns*—they pick out a subset of a category that possesses a certain quality. It follows that "critical habitat" is the subset of "habitat" that is "critical" to the conservation of an endangered species.

Id. at 368 (emphasis added).

Petitioners here made precisely the same point about the interrelationship between the adjective ("full") and noun ("costs") in 17 U.S.C. § 505. Pet.Br.20-22, 34; *see also* U.S.Br.5, 13; Corpus Br. 21. The adjective "full" modifies the noun "costs," just as the adjective "critical" modified the noun "habitat" in *Weyerhaeuser*. Yet respondents and their *amici* do not even cite *Weyerhaeuser*, let alone try to explain why it is not dispositive of the textual question here. Indeed, the word "noun" does not even appear in respondents' brief. *But see* Antonin Scalia & Brian A. Garner, *Reading Law: The Interpretation of Legal Texts* 140 (2012) ("Words are to be given the meaning that proper grammar and usage would assign them").

1. Respondents and their *amici* focus on the adjective "full," emphasizing repeatedly that "'full' means full." Resp.Br.1; *see also* Linguistics Scholars Br. 13-16; Baicker-McKee Br. 2; BSA Br. 11; Copyright Alliance Br. 9-11. Based on the word "full," respondents' lead argument is that "[t]he statute means what it says: A prevailing party may receive his full costs, not just a subset of them." Resp.Br.1.

By focusing on the wrong word in the statutory phrase, respondents and their amici completely beg the question presented—*i.e.*, whether "costs" in 17 U.S.C. § 505 is limited to taxable costs or also includes non-taxable expenditures. *See* Pet.Br.i. The *noun* (costs) controls what expenditures may be recovered; the *adjective* (full) specifies how much. Thus, while "all" is undoubtedly a synonym for "full" (*see Burton's Legal Thesaurus* 28 (5th ed. 2013)), either adjectival term only qualifies the noun *costs*.

One of respondents' *amici* offers the example of the "full moon." Linguistics Scholars Br. 15. There is no doubt that a full moon can wax no further; but it is equally indisputable that the fullness of the moon says nothing about the phase (or even visibility) of any other celestial body. "Full" in *amici*'s example modifies "moon," and not "Mars" or "Venus"—just as "full" in Section 505 modifies "costs," and not "fees" or "expenses." *See* Pet.Br.34.

2. Respondents and their *amici* all but ignore the meaning of "costs." Respondents devote a bare half-paragraph to this critical definition:

> The ordinary meaning of the term "cost" is the "amount spent for something." That "everyday meaning" is "synonymous with expenses,"

> *i.e.*, the "expenses borne" in the course of litigating. The ordinary meaning of the term "full costs," therefore, is all expenses borne.

Resp.Br.17 (citations omitted). And respondents' *amici* simply assume that "costs" in Section 505 carries this "everyday" meaning, without bothering to analyze the question. *See* Baicker-McKee Br. 7; BSA Br. 13; Copyright Alliance Br. 24-25; Linguistics Scholars Br. 18; NMPA Br. 16; Oman Br. 3-14.

As explained further below, this Court has *never* given the word "costs" an expansive "everyday meaning" in the context of federal cost- and fee-shifting statutes—including in the decision that respondents misleadingly misquote. *Compare* Resp.Br.17 *with Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 573 (2012). Rather, the Court has consistently *rejected* the very definition that respondents now advance, holding instead that the term "costs" in federal statutes refers more narrowly to the categories of taxable litigation expenses defined by Congress in Sections 1920 and 1821. 566 U.S. at 573; *see* Pet.Br.22-23.

Because the Court is not deciding this case on a *tabula rasa*, it is of no moment whether the term "costs" *could*, in the abstract, be construed as broadly as all "expenses borne" in the course of litigating. Resp.Br.17. The question presented in this case is whether the term "costs" in 17 U.S.C. § 505 *does* have that meaning. Respondents do not even acknowledge the relevant question, let alone advance a satisfactory answer to it. Their half-hearted effort is refuted by Section 505 itself.

3. If "full costs" meant all "expenses borne" in litigation, it would necessarily include attorneys' fees.

But the text and structure of Section 505, which separately permits courts to *also* award attorneys' fees, forecloses such an interpretation:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. *Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.*

17 U.S.C. § 505 (emphasis added). Respondents contend that the first sentence gives complete discretion to a district court to award any and all litigation expenditures, including attorneys' fees, in any amount. Resp.Br.22-23. This necessarily means that the entire second sentence of Section 505, italicized above, serves no purpose. *See* Pet.Br.35; U.S.Br.13-14. This surplusage is alone sufficient to condemn respondents' construction.

Respondents attempt to explain away this superfluity by saying that Congress was merely "removing doubt" about the availability of attorneys' fees as part of "full costs." Resp.Br.30-31. But here again, respondents ignore both the text and the rules of the English language.

Section 505 says that courts may "*also*" award attorneys' fees as part of the costs. 17 U.S.C. § 505 (emphasis added). As this Court recently explained, "'also' is a term of enhancement; it means 'in addition; besides'" and "is *additive rather than clarifying*" in nearly all of its usages "throughout the U.S. Code." *Mount Lemmon Fire Dist.* v. *Guido*, 139 S. Ct. 22, 25-26 (2018) (emphasis added). When Congress amended

the Copyright Act in 1909 and 1976, it *added* the authority to award attorneys' fees—it was not just clarifying an authority that already existed.

Respondents' position is also flatly inconsistent with dozens of other federal statutes. Their insistence that "full costs" means all "expenses borne" in litigation would necessarily apply to statutes authorizing "all costs" as well (since, by their own lights, "all" and "full" are synonymous in this context). Many statutes provide for "all costs *and expenses*." *E.g.*, 6 U.S.C. § 1142(c)(3)(C) (emphasis added). These statutes become incomprehensible under respondents' interpretation (*i.e.*, "all expenses borne in litigation and expenses"). Moreover, Congress in some statutes provided for "all costs and expenses (including attorneys' and expert witness fees)" (*e.g.*, 15 U.S.C. § 2087(b)(3)(B)), yet in others, provided only for "all costs and expenses (including attorney's fees)" but excluded expert fees (*e.g.*, 30 U.S.C. § 815). All of these words would be superfluous (and contradictory) if costs were interpreted to mean all expenses borne, as respondents suggest.

In sharp contrast, construing "costs" in Section 505 as "taxable costs" does not imperil the operation of any other cost- or fee-shifting provision—including the four other statutes that use the term "full costs." *See* Resp.Br.19. (The ambiguous statement of a single legislator regarding one such statute, *see id.* at 7, is manifestly insufficient in this context to override the text. *See Murphy*, 548 U.S. at 304 (rejecting much clearer legislative history).) In cases governed by such provisions, a prevailing party may be awarded *all* of its taxable costs, but non-taxable expenditures require separate congressional authorization.

4. Respondents offer several purportedly "textualist" objections to the conclusion that "costs" in Section 505 means "taxable costs." None withstands scrutiny.

First, respondents say that petitioners' and the United States' position "effectively reads the word 'full' out of the statute." Resp.Br.18. It does not. By respondents' own admission, "full" is an adjective of *quantity*. *Id.* at 17. Thus, it provides that the district court may award the full *amount* of costs listed in Section 1920—*i.e.*, *all* taxable costs, rather than only *some* of them. While reasonable persons can disagree whether the district court *must* award all taxable costs (Pet.Br.35) or retains discretion to disallow certain costs (U.S.Br.28), neither position is "convoluted" or "confusing," much less "silly." *See* Resp.Br.22. Rather, *both* give meaning to the adjective "full" in Section 505. (And even if "full costs" contains an inherent redundancy, which it does not, reading one word as superfluous does less violence to the congressional design than construing Section 505 in a way that makes its entire second sentence surplusage, as respondents' approach requires.)

Second, respondents argue that if "full costs" in Section 505 were limited to the costs enumerated in Section 1920, then "the entire grant of discretion in §505 to 'allow the recovery of full costs,' ... would be meaningless" because "Section 1920 already gives district courts discretion to award a prevailing party the costs the statute enumerates, at the rates §1821 sets forth." Resp.Br.19. But myriad federal statutes grant district courts the authority to award "costs." *E.g.*, 12 U.S.C. § 2607(d)(5); 15 U.S.C. §§ 2618(d), 2619(c)(2), 6104(d), 7805(b)(3); 28 U.S.C. §§ 1447(c); 29 U.S.C. §§ 431(c), 1132(g)(1), 3612(p); 47 U.S.C. §§ 402(i),

551(f)(2). These statutes all overlap with Section 1920 (and Rule 54(d)); as this Court has observed, such "redundancy is 'hardly unusual' in statutes addressing costs." *Marx* v. *Gen. Revenue Corp.*, 568 U.S. 371, 385 (2013).

Third, respondents insist that the view of petitioners and the United States would render the term "taxable costs" "redundant" and the "term 'nontaxable costs'" an "oxymoron." Resp.Br.26.

As to "taxable costs," there are various ways of describing the same thing—"costs of suit," "costs of the action," "full costs," and "costs" *simpliciter*. Corpus Br. 36 & n.47. To petitioners' knowledge, no public law used the phrase "taxable costs" before the Fee Act; that phrase was used in a handful of later statutes (*see* 31 Stat. 1312, ch. 854, § 753 (1901)), but never gained currency. In the Copyright Act, "full costs" was used in the 1831 Act, while some 1856 amendments used "costs of suit" (*see* U.S.Br.26 n.5), and one 1909 provision used "taxable costs" (Resp.Br.28)—all to denote taxable costs. It is hardly surprising that over long stretches of time, different (although similar) terms and phrases have been used to describe the same concept. The term of art *costs* is the unifier among these articulations.

The phrase "non-taxable costs," in contrast, most definitely *is* oxymoronic, and the Court should take this opportunity to abolish it from the lexicon. This Court has used it only once (*see Taniguchi*, 566 U.S. at 575), and it does not appear anywhere in the United States Code. To be sure, the phrase appears in Federal Rule of Civil Procedure 23(g) and (h), as amended in 2003; but "nontaxable costs" may be awarded in a class action only as "authorized by law"—which, in the

context of this case, is the question presented. Importantly, the Rule that actually governs costs uses the more accurate phrase "nontaxable expenses" to distinguish such expenditures from taxable costs. Fed. R. Civ. P. 54(d)(2)(A).

* * *

Section 505 authorizes a district court to award the prevailing party in a copyright case *all* of its "costs." That is what "full costs" means. What matters is the definition of "costs"—a question that respondents and their *amici* all but ignore. The second sentence of Section 505 establishes that "costs" did not include attorneys' fees until 1909, and does not include expert witness fees (or other non-taxable expenditures) to this day. This Court's cases confirm this conclusion, as explained next.

II. PRECEDENT.

Respondents give remarkably short shrift to the three recent precedents in which this Court not only defined the statutory term "costs" as those items within Sections 1920 and 1821, but also held that expert witness fees (a large part of the award here) are *not* "costs." *See* Resp.Br.32-36. This Court could not affirm the decision below without doing serious damage to this trilogy of decisions.

1. The Court has squarely held that the term "costs" in Federal Rule of Civil Procedure 54(d) is limited to costs taxable under Sections 1920 and 1821. *Crawford Fitting Co.* v. *J. T. Gibbons, Inc.*, 482 U.S. 437, 441-42 (1987). Recognizing that this holding would require reversal here if extended to the Copyright Act, respondents seek to confine *Crawford Fitting* to "cases implicating only generally-applicable

Rule 54(d) and not a specific statute." Resp.Br.33. The Court's holding, however, was not so limited.

The foundation for the holding of *Crawford Fitting* was the Fee Act, which "specif[ies] in detail the nature and amount of the taxable items of costs *in the federal courts*." 482 U.S. at 440 (emphasis added). Sections 1920 and 1821, the Court explained, "*control a federal court's power to hold a losing party responsible for the opponent's witness fees*." 482 U.S. at 444 (emphasis added). The Court held that Sections 1920 and 1821 control regardless of whether costs are sought "through Rule 54(d) *or any other provision*." *Id.* at 445 (emphasis added). The Court concluded: "We hold that absent explicit statutory or contractual authorization for the taxation of the expenses of a litigant's witness as costs, federal courts are bound by the limitations set out in 28 U.S.C. § 1821 and § 1920." *Ibid.*

Thus, while respondents are surely right that Congress can override the default rule of *Crawford Fitting*, any such statute must do so "explicit[ly]." 482 U.S. at 429. As the Court subsequently explained this principle: "In *Crawford Fitting* ... we held that [Sections 1920 and 1821] define the full extent of a federal court's power to shift litigation costs *absent express statutory authority to go further*." *W. Va. Univ. Hosps., Inc.* v. *Casey*, 499 U.S. 83, 86 (1991) (emphasis added).

Casey held that a prevailing party could not recover its expert witness fees under 42 U.S.C. § 1988's authorization for "attorneys' fees" or "costs." 499 U.S. at 87 & n.3. Respondents contend that "*Casey* did not involve how to interpret the word 'costs'" but instead "involved only how to interpret the term 'attorney's fees.'" Resp.Br.34. That is simply false. In dissent,

Justice Stevens had argued that "the expert fees requested here" were "part of the 'costs' allowed by § 1988 even if they are not part of the 'attorney's fee.'" 499 U.S. at 87 n.3. The Court expressly rejected this argument, being "aware of no authority to support" Justice Stevens' view that "the term 'costs' had a different and broader meaning" under § 1988. *Ibid.*

Casey reiterated the rule announced in *Crawford Fitting* that "the word 'costs'" in Rule 54(d) "is to be read in harmony with the word 'costs' in 28 U.S.C. § 1920," and held that "the *same is true of the word 'costs' in § 1988.*" 499 U.S. at 87 n.3 (emphasis added). This ruling demolishes respondents' suggestion (Resp.Br.33) that the *Crawford Fitting* rule is limited to Rule 54(d) and does not apply to federal statutes.

Most recently, *Murphy* made the clarion statement that "*no statute* will be construed as authorizing the taxation of witness fees *as costs* unless the statute 'refer[s] explicitly to witness fees.'" 548 U.S. at 301 (emphases added). (Contrary to respondents' suggestion, Resp.Br.35-36, neither this part of the Court's decision nor the portion of the government's brief cited by petitioners, Pet.Br.30-31, had anything to do with the Spending Clause.) That holding of *Murphy* is alone sufficient to resolve this case, since Section 505 contains no explicit reference to expert witness fees.

Respondents do not acknowledge this part of *Murphy*, arguing instead that *Murphy* held only that "the term 'attorneys' fees,' standing alone, is generally not understood as encompassing expert fees." Resp.Br.35. Once again, respondents misrepresent the Court's holding. The parents in *Murphy* had "contend[ed] that [the Court] should interpret the term 'costs' in accordance with its meaning in ordinary usage, and that § 1415(i)(3)(B) should therefore be read to authorize

reimbursement of all costs parents incur in IDEA proceedings, including expert costs." 548 U.S. at 297. The Court rejected this argument primarily because "'costs' is a term of art" that "does not include expert fees." *Ibid.* And "[t]he use of this term of art, rather than a term such as 'expenses,' strongly suggests that § 1415(i)(3)(B) was not meant to be an open-ended provision" providing recovery "for all expenses incurred by prevailing parents in connection with an IDEA case." *Ibid.*

2. The Court's trilogy of cases establishes that "costs"—as used in Rule 54(d), in Section 1988, and in the IDEA—is a term of art that means only taxable costs as enumerated in Section 1920 and limited by Section 1821. The same term, as used in the Copyright Act, should be given the same meaning. "Statutes *in pari materia* are to be interpreted together, as though they were one law." Scalia & Garner, *supra*, at 252.

Respondents' critique of the "trichotomy" of "costs," "fees," and "expenses," is nothing other than an assault on this Court's precedents. *See* Resp.Br.13. Although respondents contend that this tripartite taxonomy "has no grounding in the U.S. Code," the Court has endorsed this framework, either explicitly or implicitly, in the controlling trilogy. *Murphy*, 548 U.S. at 297; *Casey*, 499 U.S. at 87-88 & n.3; *Crawford Fitting*, 482 U.S. at 441-42. That is because these terms are used in this sense in "the texts of other statutes too numerous and varied to ignore." *Murphy*, 548 U.S. at 306-07 (Ginsburg, J., concurring); *see also* Pet.Br.24 n.1. For example, *Casey* and *Murphy* held that statutes authorizing *both* "costs" *and* "attorneys' fees" did *not* also authorize "expert witness fees." Yet, respondents' position in this Court is that the Copyright Act—

which authorizes costs and attorneys' fees—*sub silentio* authorizes expert witness fees.

That respondents are fighting the tide of precedent is also evident in their complaint that Section 505 does not cross-reference Section 1920. Resp.Br.17. Neither Rule 54(d)(1), nor 42 U.S.C. § 1988, nor the IDEA, mentions or cross-references Section 1920; yet, this Court held that the term "costs" in those provisions was to be interpreted by reference to Section 1920. *See* Pet.Br.28-32. Indeed, federal cost-shifting statutes almost never expressly incorporate Section 1920. *See id.* at 24 n.1 (identifying only one such statute, 28 U.S.C. § 2412). Nevertheless, this Court *consistently* interprets the term "costs" as a reference to the categories of expenditures listed in Section 1920, because it is a term of art in federal law. The whole point of a term of art is that Congress does not have to define it each time it is used—rather, it has the same meaning every time, unless Congress explicitly provides an alternative meaning.

Respondents also try to sow confusion by pointing out that Section 1920 and Section 505 define various "fees" as "costs," and argue that this "eviscerates petitioners' effort to treat costs, fees, and expenses as mutually exclusive categories." Resp.Br.25; *see also* BSA Br. 13. But of course, Congress is free to define *whatever it wants* as a "cost" (or a "fee" or an "expense"), and it has done so many times. Congress can treat what would otherwise be considered a "fee" (*e.g.*, attorneys' fees or expert witness fees) as a "cost" for purpose of a cost-shifting statute. That is precisely what the second sentence of Section 505 does by "add[ing] reasonable attorney's fees ... to the list of costs that prevailing [parties] are otherwise entitled to recover" under "28 U.S.C. §[§] 1920" and "1821." *Murphy*, 548

U.S. at 297. That is the kind of "explicit" congressional command required to override the tripartite taxonomy that otherwise controls federal cost-shifting statutes. But in the absence of such an express legislative statement, "costs" means taxable costs—period.

* * *

The Court's trilogy of key decisions makes clear that the terms of art "costs," "fees," and "expenses" have default meanings in the absence of explicit congressional direction to the contrary. The default meaning of "costs" is "taxable costs," and nothing in the Copyright Act authorizes courts to *also* award expert witness fees or other non-taxable expenditures as costs. A straightforward application of those precedents leads inexorably to reversal.

III. Historical Practice.

"Full costs" has *always* been understood as "taxable costs." In 1831, Congress would have looked to state law, and "full costs" meant only all the costs available under a state statutory schedule. This was consistent with English practice under "full costs" statutes, which trace their roots back to the Statute of Anne. And by the time Congress amended the Copyright Act in 1909 and 1976, it was well-entrenched as a matter of federal law that "costs" meant "taxable costs"—which is why attorneys' fees were expressly added to Section 505.

Respondents propose an alternative version of history, but neither they nor their *amici*—in 177 pages of briefing by some of the finest law firms in the nation—identifies even a single case in which *any* non-taxable litigation expenditures were awarded under any iteration of the Copyright Act until 2005, when the Ninth Circuit (erroneously) decided, *for the first time in the*

history of the Copyright Act, that "full costs" includes non-taxable expenses. *Twentieth Century Fox*, 429 F.3d at 884-85. Respondents' position is that non-taxable expenditures were authorized and even mandatory throughout this period, yet they cannot cite a single case to that effect. The dearth of contemporaneous authority shows that respondents' "history" was manufactured for this case.

1. *Federal law*. Respondents make the remarkable assertion that Congress "had no need to specify in the 1831 Copyright Act that 'full costs' included reasonable attorneys' fees; 'full costs' alone sufficed to make that clear at the time." Resp.Br.30. Yet they cannot, and do not, cite a single case approving such an award. That undeniable *fact* is more than sufficient to dispose of respondents' historical fiction.

Respondents further represent that Congress's express *addition* of authority to award attorneys' fees in the 1909 revisions was a mere "clarification" of power the courts already had (but apparently never used). But respondents cannot explain why Congress, if it were merely clarifying the availability of attorneys' fees under Section 505, made those fees *discretionary* when it added them, while leaving the "full costs" *mandatory* until 1976. Nor can respondents explain why, if expert witness fees were always available (and mandatory for more than a century), *no court ever awarded them in a copyright case*.

What the historical record actually shows is that "full costs" under Section 505 has never included non-taxable expenditures. Courts routinely equated the "full costs" of the 1870 and 1909 Acts with ordinary, taxable costs. *See Official Aviation Guide Co.* v. *Am. Aviation Assocs.*, 162 F.2d 541, 543 (7th Cir. 1947); *Basevi* v. *Edward O'Toole Co.*, 26 F. Supp. 41, 50

(S.D.N.Y. 1939); *Bullinger* v. *Mackey*, 4 F. Cas. 648, 649 (C.C.E.D.N.Y. 1877).

In 1909, when Congress reenacted the "full costs" language, it stated that "[t]he provision for full costs ... is necessary in view of" the then-existing $500 cost limitation (identical to the one that governed federal copyright from 1819 to 1831). H.R. Rep. No. 2222, 60th Cong., 2d Sess. 19 (1909); *see also* Pet.Br.40-41. Respondents highlight the sliver of daylight between petitioners and the United States regarding the meaning of this legislative history. Resp.Br.42. At the same time, however, respondents have *no* explanation for why Congress in 1909 thought that *its* reenactment of the "full costs" language was necessary. And while either petitioners' or the United States' view is consistent with reversal, respondents have *no* argument that any legislative history of any iteration of the Copyright Act supports affirmance.

2. *State law*. "Full costs" was routinely used in state law to mean only taxable costs, as contrasted against phrases such as "half costs," "double costs," etc. That this was the law in New York cannot be disputed. *See* Rev. Stat. N.Y., ch. X, tit. I, §§ 7.1, 7.3; tit. III, §§ 49, 50 (enacted 1830). Other states had nearly identical schemes. Pet.Br.5, 38-39; U.S.Br.17. And federal courts followed state law in awarding copyright costs prior to 1853. *See Ferrett* v. *Atwill*, 8 F. Cas. 1161, 1164 (C.C.S.D.N.Y. 1846). Respondents have no answer for this.

Contrary to respondents' contention, the existence of attorneys' fees in some state-law fee bills does not disprove that these statutes shifted "party-and-party" costs; such costs simply meant those provided for by statute. Resp.Br.39. The case law refuting respondents' position is extensive. *E.g.*, *Attorney-Gen.* v. *N.*

Am. Life Ins. Co., 91 N.Y. 57, 61 (1883) ("costs as between party and party ... are regulated by the Code; their amount fixed"); *Stevens & Cagger* v. *Adams*, 1840 WL 3450 (N.Y. Sup. Ct. 1840).

Respondents' contention that "full costs" was "[*n*]*ever*" used "in contrast with provisions that adjusted the amount of costs awardable" such as "double" or "half" costs (Resp.Br.41) is just false. *See* Rev. Stat. Mass. 1836, ch. 121, §§ 6-8; *Lakeman* v. *Morse*, 9 Mass. 126, 130 (1812); *Rensselaer & Saratoga R.R.* v. *Davis*, 55 N.Y. 145, 149 (1873); *Bartle* v. *Gilman*, 18 N.Y. 260, 262 (1858).

3. *English law.* English statutes providing for "full costs" allowed only limited, party-and-party costs. Pet.Br.36-38; U.S.Br.21-22; *see also Irwine* v. *Reddish*, 5 B. & Ald. 796 (K.B. 1822); *Jamieson* v. *Trevelyan*, 24 Law Tim. Rep. 222 (Exchequer 1855); *Avery* v. *Wood & Sons*, 65 Law Tim. Rep. 122 (Eng. 1891). Such costs long excluded expert fees. Pet.Br.36-37; *see May* v. *Selby*, 4 Man. & G. 142 (1842); *Severn* v. *Olive*, 3 Brod. & B. 71 (1821). This understanding reaches back to the earliest copyright law, the Statute of Anne, and there are numerous early statutes showing that, by itself, the phrase "full costs" did not shift more than party-and-party costs. *E.g.*, 5 & 6 Will. IV, ch. 76, § 133 (1835) (shifting "costs *as between attorney and client*" (emphasis added)); *id.* § 50 ("full costs *as between attorney and client*" (emphasis added)).

Respondents, however, posit that "full costs" always meant all litigation expenditures until Parliament repealed such provisions through the Limitations of Actions and Costs Act, 5 & 6 Vict., ch. 97 (1842) (the "Limitations Act"), replacing them all with a "party-and-party" system of cost-shifting. *See* Resp.Br.46-47 & n. 12. This argument fails.

First, respondents appear to have cribbed this argument, nearly *verbatim*, from the *losing party* in *Avery*. *See* 65 Law Tim. Rep. at 122-24. The *Avery* court rejected the very reading of "full costs" respondents propose here, as well as respondents' reading of the Limitations Act, which did not apply to "full costs" provisions. *Id.* at 124 (Fry, L.C.J.); *see also* John Gray, *A Treatise on the Law of Costs in Actions & Other Proceedings in the Courts of Common Law at Westminster* 183-84 (1853).

Second, respondents have no basis for concluding that either *Jamieson* or *Irwine* had anything to do with the Limitations Act—the former says nothing about it (24 Law Tim. Rep. at 222-23), and the latter pre-dates it—so respondents just criticize the outcomes of these cases. *See* Resp.Br.47. But this Court is not reviewing the correctness of those decisions; rather, they shed light on the historical origins and meaning of "full costs" provisions.

Third, respondents ignore that *Avery*, *Jamieson*, and *Irwine* were interpreting "full costs" language in statutes stretching back to the early 1700s. *See Jamieson*, 24 Law Tim. Rep. at 222-23. These cases simply acknowledged the long-held understanding of "full costs" in numerous statutes, including "*all the Copyright Acts from the time of Anne.*" *Avery*, Law Tim. Rep. at 124 (emphasis added). That is the context from which our own Copyright Act was born.

* * *

A continuous line of precedent and practice—from English law, through state law, to federal law—shows unmistakably that "full costs" always meant "taxable costs," just as this Court held in the trilogy of cases construing the noun "costs." The adjective "full" specifies the amount of such costs that may be recovered; but it does not change the nature of the costs themselves. Respondents' alternate explanation has no historical support.

IV. POLICY CONSIDERATIONS.

"The parties here can agree about one thing: The Court 'need not look to policy considerations at all.'" Resp.Br.48 (quoting Pet.Br.42). This agreement renders irrelevant nearly all of the *amicus* briefs filed in support of respondents. *See* Oman Br. 3-13; NMPA Br. 6-19; Baicker-McKee Br. 8-12; BSA Br. 3-10; Copyright Alliance Br. 6-22. None of the policy considerations respondents or their *amici* raise warrant departure from the text, structure, precedent, and history of Section 505.

1. Respondents and their *amici* argue that compensating rights-holders for non-taxable expenditures incurred in infringement litigation would further the Copyright Act's goals. *E.g.*, Resp.Br.56. Arguments such as these "are more properly directed at Congress." *Taniguchi*, 566 U.S. at 573. Congress, not the courts, decides whether, when, and how costs and fees should be shifted, and if cost- and fee-shifting should be a one-way or two-way street. *See* Pet.Br.49. That division of authority fosters the separation of powers (*id.* at 43), which respondents and their *amici* fail to address.

Moreover, in weighing such policy considerations in the context of attorneys' fees, the Court has taken an explicitly "party-neutral" approach to recoveries under the Copyright Act. *Fogerty* v. *Fantasy, Inc.*, 510 U.S. 517, 525 n.12 (1994). Rather than always rewarding the rights-holder (or the accused infringer), the Court has recognized that copyright litigation affects incentives throughout the spectrum of innovation. *See Kirtsaeng* v. *John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1986 (2016). The purposes of the Copyright Act (and the constitutional provision the statute implements) are best served by fostering productive litigation and discouraging abusive litigation, not by reflexively favoring the rights-holder.

Unlike fees, costs generally do not turn on the relative merits of the parties' positions. Attorneys' fees are "*award*[*ed*]" by the district court after a discretionary judicial balancing process, including a detailed assessment of the amount of fees and the attorneys' charged rates. 17 U.S.C. § 505 (emphasis added); *see also* Fed. R. Civ. P. 54(d)(2). Costs, on the other hand, are "tax[ed]" by the clerk (28 U.S.C. § 1920), which is "merely a clerical matter." *Taniguchi*, 566 U.S. at 573; *see* U.S.Br.8-9. Respondents' position would necessitate creation and oversight of an entire discretionary jurisprudence for carrying out cost *taxation*—a function that could not be delegated to the clerk, as applying such balancing is itself an exercise of judicial power.

Moreover, respondents offer no limiting principle as to what might constitute "costs" under their approach. Would it include the lost wages of witnesses? What about the salaries of executives and in-house counsel responsible for overseeing the litigation? Or lost sales, revenues, or business opportunities? The

virtue of the categories in Section 1920 is that they are definite and well-understood. Respondents' approach is neither; it would, in fact, be an invitation to chaos.

2. Respondents separately suggest that this Court should read Section 505 expansively because Rimini and Mr. Ravin are, in respondents' view, bad actors. Resp.Br.8-11, 53. This argument is legally irrelevant—if "full costs" under the Copyright Act is governed by Section 1920, then those limits must be enforced regardless of the litigation conduct of either party. Moreover, as a factual matter, respondents grossly mischaracterize the record.

Respondents discuss Mr. Ravin's previous employer, TomorrowNow (Resp.Br.8), but fail to inform the Court that the jury was instructed that it could "not use evidence concerning TomorrowNow to infer that ... [Ravin], Rimini Street, or any individual employed by Rimini Street did, or was more likely to have done, the things that Oracle contends." Jury Inst. 20, No. 2:10-cv-106, Dkt. 880 at 21. Nor do respondents inform the Court that Mr. Ravin *is the prevailing party*, having defeated every claim leveled against him. JA257-71, JA337-38.

Respondents also cite snippets of trial testimony to construct a story of intentional infringement. Resp.Br.9-10. But the jury rejected that narrative—ruling for petitioners on every claim alleging intentional wrongdoing (JA257-71), and expressly finding that Rimini's conduct was "innocent"—*i.e.*, that Rimini "was not aware" and "had no reason to believe" that its conduct infringed (JA255-56). The court of appeals similarly explained that Rimini is engaged in "lawful competition" with respondents. JA315.

Respondents did not challenge any of those rulings in this Court, and it is improper for them to advance here a theory of the case that was rejected below.

3. The only pertinent policy consideration here is protecting the efficiency and economy of federal litigation.

The approach proposed by respondents and their *amici* would result in *more* litigation, and the development of a new body of federal common law, as parties dispute in every case under every statute whether a particular expenditure is awardable as a "cost" of litigation. More than 200 federal statutes shift "costs" in some form—including "costs," "full costs," "all costs," "costs of the action," "costs of suit," "costs of the proceeding," etc. Under respondents' view that "costs" means all expenses of litigation (text, precedent, and history be damned), there would be endless disputes about cost awards under those statutes.

The approach advocated by petitioners (and the United States), in contrast, would result in *less* litigation because all such disputes would be resolved by the default categories of costs, fees, and expenses, unless Congress makes explicit some departure from that framework. The Court has already opted for precisely that approach. *Murphy*, 548 U.S. at 297. Indeed, this Court recently reminded litigants and lower courts that "[i]t has been the Court's approach to interpret" cost- and fee-shifting statutes "in a consistent manner." *CRST Van Expedited, Inc.* v. *EEOC*, 136 S. Ct. 1642, 1646 (2016). Respondents and their *amici* ignore this point in arguing that the Copyright Act is unique or that the meaning of "costs" should be relitigated, on a statute-by-statute basis, *ad infinitum*.

* * *

While policy considerations are unnecessary to decide this case, the die has already been cast. When faced with whether to limit expert fees in this Court's original cases to the confines of Sections 1920 and 1821 *even though* those statutes may not by their terms apply to such cases, the Court held (unanimously) that "the best approach is to have a uniform rule that applies in all federal cases." *Kansas* v. *Colorado*, 556 U.S. 98, 103 (2009). Applying the same approach to the Copyright Act requires reversal of the Ninth Circuit's decision allowing respondents to recover expert witness fees and other non-taxable expenditures under 17 U.S.C. § 505.

CONCLUSION

The judgment of the court of appeals should be reversed.

Respectfully submitted.

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No. 17-1625

In the Supreme Court of the United States

RIMINI STREET, INC., ET AL., PETITIONERS

v.

ORACLE USA, INC., ET AL.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE SUPPORTING PETITIONERS

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QUESTION PRESENTED

Whether the Copyright Act's allowance for the recovery of "full costs," 17 U.S.C. 505, permits a prevailing party to recover expenses that the party incurs as a result of the litigation, but that are not taxable under 28 U.S.C. 1920.

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In the Supreme Court of the United States

No. 17-1625

RIMINI STREET, INC., ET AL., PETITIONERS

v.

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ON WRIT OF CERTIORARI
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BRIEF FOR THE UNITED STATES
AS AMICUS CURIAE SUPPORTING PETITIONERS

INTEREST OF THE UNITED STATES

This case concerns the interpretation of 17 U.S.C. 505, which authorizes district courts to award "full costs" in suits brought under the copyright laws, see 17 U.S.C. 101 *et seq.* Several federal agencies have an interest in the operation of the copyright system and in the proper interpretation of the copyright laws. See, *e.g.*, 17 U.S.C. 701 (Copyright Office); 35 U.S.C. 2(b)(8) and (c)(5) (Patent and Trademark Office). The United States therefore has a substantial interest in the Court's disposition of this case.

STATEMENT

1. The Constitution confers on Congress the power to promote the "Progress of Science * * * by securing [to Authors] for limited Times * * * the exclusive Right to their * * * Writings." U.S. Const. Art. I, § 8, Cl. 8. Under that authority, Congress has enacted legislation,

17 U.S.C. 101 *et seq.* (Copyright Act or Act), granting protection to "original works of authorship fixed in any tangible medium of expression," 17 U.S.C. 102(a). Protection under the Act confers on the author of an original work certain exclusive statutory rights, including the rights to copy, distribute, and display the work. 17 U.S.C. 106.

Once a work has been registered with the Copyright Office, the "owner of an exclusive right under a copyright is entitled * * * to institute an action for any infringement of that particular right committed while he or she is the owner of it." 17 U.S.C. 501(b); see 17 U.S.C. 411. A prevailing plaintiff in such a suit may recover "actual damages" and profits, 17 U.S.C. 504(b); statutory damages, 17 U.S.C. 504(c); and, in certain cases where the defendant lacks "reasonable grounds" for its defense, double licensing fees, 17 U.S.C. 504(d). The plaintiff also may seek injunctive remedies. 17 U.S.C. 502, 503. Of particular relevance here, the Act further provides for the recovery of litigation costs by a prevailing plaintiff or defendant:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

17 U.S.C. 505.

2. Respondents develop, manufacture, and license computer software, including "enterprise" software designed for use by business firms. Pet. App. 5a. Respondents also sell support services, including periodic software updates, to their licensees. *Ibid.* Petitioners compete with respondents by providing "third-party

support" for customers who license respondents' enterprise software. *Ibid.*; see *id.* at 44a.

In 2010, respondents filed suit against petitioners, alleging that petitioners had infringed respondents' copyrights by downloading respondents' software programs onto petitioners' own computer systems and making copies in violation of the terms of respondents' software licenses. Pet. App. 6a, 44a. Among other things, respondents claimed that the creation and distribution of these unauthorized copies, which petitioners used to service clients, violated the Copyright Act. *Ibid.*; see 17 U.S.C. 106(1)-(3) and (5) (copyright owner's exclusive rights to "reproduce," to "prepare derivative works," to "distribute copies" of a copyrighted work, and to "display the copyrighted work publicly"); see also 17 U.S.C. 501 (defining copyright infringement). The district court granted partial summary judgment to respondents on certain aspects of their infringement claim, and a jury found in respondents' favor on other aspects of the claim. Pet. App. 6a, 77a. The jury awarded $35.6 million in damages, *id.* at 45a, and respondents obtained an order granting them a permanent injunction, attorney's fees, costs, and prejudgment interest. *Id.* at 6a; see *id.* at 46a-53a, 55a-57a, 59a-72a.

In their request for costs, respondents sought to recover for certain expenditures that 28 U.S.C. 1920 identifies as items that a district court "may tax as costs," as well as for other expenditures that are not so identified, commonly referred to as "nontaxable costs," Pet. App. 69a. The district court awarded approximately $4.95 million in taxable costs. *Id.* at 70a. Respondents sought more than $17.6 million in nontaxable costs, including reimbursement "for expert witness fees, additional e-discovery fees not included under 28 U.S.C.

§ 1920, contract attorney services, jury consulting, and other non-taxable costs." *Ibid.*; see *id.* at 74a-75a. The court granted in substantial part the request for non-taxable costs, concluding that the Copyright Act's allowance of "full costs" to a prevailing party, 17 U.S.C. 505, "permits a successful plaintiff to recover all costs incurred in litigation, not just taxable costs authorized by * * * 28 U.S.C. § 1920." Pet. App. 70a. The court reduced the award by 25%, however, to account for "various billing issues," and further reduced by 50% the costs associated with a particular expert witness because respondents had "only presented half" of her prepared testimony. *Id.* at 70a-71a. Those reductions produced a net award of approximately $12.8 million in non-taxable costs. *Id.* at 71a.

3. The court of appeals affirmed in part, reversed in part, and vacated in part the district court's judgment. Pet. App. 1a-35a. As relevant here, the court of appeals affirmed the jury's verdict and the award of damages on respondents' copyright-infringement claim. *Id.* at 7a-22a. The court also reduced the district court's award of taxable costs to account for an undisputed arithmetic error, *id.* at 32a-33a, and affirmed without modification the award of nontaxable costs, *id.* at 33a-35a.

Petitioners argued that, under 17 U.S.C. 505, a prevailing copyright litigant may recover only those costs that are taxable under 28 U.S.C. 1920. Pet. App. 34a-35a. The court of appeals rejected that argument. The court explained that it was "bound by" (*id.* at 34a) its prior holding in *Twentieth Century Fox Film Corp.* v. *Entertainment Distributing*, 429 F.3d 869 (9th Cir. 2005), cert. denied, 548 U.S. 919 (2006), that "the phrase

'full costs' within § 505" provides "clear evidence of congressional intent that non-taxable costs should be available" to a prevailing copyright litigant. *Id.* at 885.

SUMMARY OF ARGUMENT

The Ninth Circuit erred in construing the Copyright Act's authorization for "the recovery of full costs," 17 U.S.C. 505, to allow an award of expenditures that are not taxable under 28 U.S.C. 1920.

A. When the word "costs" appears in a federal cost-shifting provision that does not specify a different rule, the word is understood as a term of art that encompasses only the limited subset of expenditures that are listed in Section 1920. Section 505's authorization for an award of "full costs" to prevailing copyright litigants provides no sound basis for awarding a broader range of expenses. In using the adjective "full" to modify the defined term "costs," Section 505 simply authorizes courts to give prevailing litigants the entire amount of their taxable costs. Respondents' contrary reading, which would allow courts to award expenses that are not "costs" at all, stretches Section 505 beyond what its text can bear.

B. The history of cost-shifting in Anglo-American law reinforces this understanding. When Congress incorporated the term "full costs" into the copyright law in 1831, federal courts routinely taxed costs, in actions at law, according to the practices of the courts of the States in which they were located. At that time, the States regulated the awarding of legal costs through comprehensive fee bills that specified the types of litigation-related expenses that were reimbursable and the rates at which they could be taxed. Many such statutes awarded litigants "full costs" in certain circumstances. See, *e.g.*, 2 Rev. Stat. of the State of N.Y., pt. III,

ch. X, tit. 1, § 16 (1829). That term was used to distinguish other cases in which costs were capped in amount, *id.* § 6 (plaintiff who recovers less than $50 in damages may "recover no more costs than damages"), or in which a litigant might receive "double" or "treble" costs, *id.* § 25. The 1831 Congress signaled that costs in copyright suits should be taxed at listed state-law rates, rather than being adjusted up or down under statutory caps or award-multipliers.

Cost-shifting practices under English law reinforce this conclusion. English precedent recognized no distinction between statutes that authorized awards of "full costs" and those that referred simply to "costs." Indeed, English courts repeatedly rejected litigants' attempts to invoke statutory "full costs" language in order to broaden the range of taxable expenses.

The history of American copyright law points in the same direction. When the term "full costs" was first incorporated in 1831, the awarding of costs to prevailing copyright plaintiffs was mandatory. The statutory command to award "full costs" therefore could be understood as directing courts to grant the full *amount* of taxable costs, rather than as defining the *types* of expenses that could be awarded. Although the awarding of costs in copyright suits was made discretionary in 1976, there is no sound reason to construe that change as giving the term "full costs" a meaning substantially broader than the one it had borne during the previous 145 years.

C. Limiting cost awards in copyright litigation to expenses that are taxable under Section 1920 fosters predictability and consistency, by establishing clear guidelines for courts and copyright litigants. District courts are well-versed in awarding costs under Section 1920. By contrast, the open-ended regime adopted by the

Ninth Circuit would leave district courts with unconstrained discretion, undermine litigants' ability to predict what costs are likely to be awarded, and incentivize parties to litigate over every substantial nontaxable expense.

ARGUMENT

THE COPYRIGHT ACT DOES NOT AUTHORIZE COURTS TO AWARD COSTS BEYOND THOSE THAT ARE TAXABLE UNDER 28 U.S.C. 1920

As used in federal cost-shifting provisions, the word "'costs' is a term of art." *Arlington Cent. Sch. Dist. Bd. of Educ.* v. *Murphy*, 548 U.S. 291, 297 (2006) (citation omitted). Absent clear evidence of a contrary congressional intent, that word is understood to refer solely to the expenses enumerated in the general federal cost-shifting statute, 28 U.S.C. 1920. The Copyright Act's authorization for the award of "full costs" to a prevailing party, 17 U.S.C. 505, does not supersede that limitation. The word "full," construed in accordance with its plain meaning, does not expand the *types* of litigation-related expenses for which a court may order reimbursement, but rather addresses the *amounts* that can be awarded. The historical usage of the term "full costs" in Anglo-American law reinforces that understanding

A. The Copyright Act's Authorization Of An Award Of "Full Costs" Does Not Extend Beyond Costs That Are Taxable Under Section 1920

1. "Although 'costs' has an everyday meaning synonymous with 'expenses,'" the term carries a more "limited" meaning when used in a rule or statute that authorizes the shifting of financial burdens between parties in litigation. 10 Charles Alan Wright et al., *Federal Practice and Procedure* § 2666, at 202 (3d ed. 1998)

(Wright & Miller). Costs awardable in litigation typically "are limited to relatively minor, incidental expenses," such as docketing fees and printing costs, that are consistent and easily ascertainable in amount. *Taniguchi* v. *Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 573 (2012). Because a statutory reference to "costs" contemplates a fixed universe of litigation-related outlays, rather than "all expenses incurred by [a] prevailing" litigant, *Murphy*, 548 U.S. at 297, an award of costs "almost always amount[s] to less than the successful litigant's total expenses in connection with a lawsuit," *Taniguchi*, 566 U.S. at 573 (quoting Wright & Miller § 2666, at 203). The term "costs" stands in contrast to more "open-ended" terms such as "expenses," *Murphy*, 548 U.S. at 297, which are understood to "include all the expenditures actually made by a litigant in connection with the action." Wright & Miller § 2666, at 203-204; see, *e.g.*, 10 U.S.C. 2409(c)(1) (distinguishing between "costs" and "expenses"); 11 U.S.C. 363(n) (similar); 28 U.S.C. 1447(c) (similar); 33 U.S.C. 1367(c) (similar).

The assessment of costs, a process commonly referred to as taxation, "most often is merely a clerical matter that can be done by the court clerk." *Taniguchi*, 566 U.S. at 573 (citation omitted). Under the Federal Rules of Civil Procedure, costs are allowed to the prevailing party as a matter of course, unless a statute, rule, or court order provides otherwise. Fed. R. Civ. P. 54(d)(1). The clerk of the court may tax costs against the losing party "on 14 days' notice," with review by the district court available by motion served within seven days. *Ibid.*; see Wright & Miller § 2679, at 485 (noting that, until 2009, "the clerk [could] tax costs on one day's notice").

The general cost-shifting statute, 28 U.S.C. 1920, identifies the categories of expenses that a federal court "may tax as costs." Section 1920 "embodies Congress' considered choice as to the kinds of expenses that a federal court may tax as costs against the losing party." *Crawford Fitting Co.* v. *J. T. Gibbons, Inc.*, 482 U.S. 437, 440 (1987). The current version of Section 1920 lists six categories of taxable costs:

> (1) Fees of the clerk and marshal;
>
> (2) Fees for printed or electronically recorded transcripts necessarily obtained for use in the case;
>
> (3) Fees and disbursements for printing and witnesses;
>
> (4) Fees for exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case;
>
> (5) Docket fees under [28 U.S.C. 1923];
>
> (6) Compensation of court appointed experts, compensation of interpreters, and salaries, fees, expenses, and costs of special interpretation services under [28 U.S.C. 1828].

A separate provision, 28 U.S.C. 1821, prescribes the amount of per diem, mileage, and other fees that may be paid for any "witnesses" referenced in Subsection (3) of Section 1920. Together, Sections 1920 and 1821 impose "an express limitation upon the types of costs which, absent other authority, may be shifted by federal courts." *West Va. Univ. Hosps., Inc.* v. *Casey*, 499 U.S. 83, 87 (1991).

2. Section 1920 does not simply limit the range of expenses that may be awarded in cases where no other cost-shifting provision applies. Rather, this Court has

understood the categories of expenses listed in Section 1920 to *define* the term "costs" as it appears in *other* cost-shifting provisions. See *Murphy*, 548 U.S. at 301 (holding "that the term 'costs' in [the IDEA] * * * is defined by the categories of expenses enumerated in 28 U.S.C. § 1920"); *Crawford Fitting*, 482 U.S. at 441 ("We think the better view is that § 1920 defines the term 'costs' as used in Rule 54(d).").

In *Crawford Fitting*, the Court addressed whether federal courts had the power, under a Federal Rule of Civil Procedure that authorized the awarding of "costs" to a prevailing party, "to require a losing party to pay the compensation of the winner's expert witnesses," a type of litigation-related expense that is not taxable under Section 1920. 482 U.S. at 438. The Court considered the history of Section 1920 and its predecessors, which had "comprehensively regulated fees and the taxation of fees as costs in the federal courts." *Id.* at 440. That purpose, the Court noted, "ha[s] been carried forward to today, 'without any apparent intent to change the controlling rules.'" *Ibid.* (quoting *Alyeska Pipeline Serv. Co.* v. *Wilderness Soc'y*, 421 U.S. 240, 255 (1975)). Rather than construing the federal Rule to authorize reimbursement of costs "above and beyond the items listed" in Section 1920, the Court found in the Rule "solely a power to decline to tax, as costs, the items enumerated in § 1920." *Id.* at 441-442. "Any argument that a federal court is empowered to exceed the limitations explicitly set out in §§ 1920 and 1821," the Court concluded, must rest on "plain evidence of congressional intent to supersede those sections." *Id.* at 445.

In *Casey*, the Court applied the plain-evidence rule it had articulated in *Crawford Fitting*. The Court in *Ca-*

sey addressed whether the district court, under a statute that authorized a prevailing party to recover "a reasonable attorney's fee as part of the costs," 42 U.S.C. 1988 (1988), could order reimbursement of expenditures for nontestimonial expert services provided to a prevailing plaintiff. In concluding that such expert fees were not reimbursable, this Court described *Crawford Fitting* as holding that Sectior 1920 and 1821 "define the full extent of a federal court's power to shift litigation costs absent express statutory authority to go further." *Casey*, 499 U.S. at 86. The Court explained that, since "[n]one of the categories of expenses listed in § 1920 can reasonably be read to include fees for services rendered by an expert employed by a party in a nontestimonial advisory capacity," those expenses could not be imposed on the defendant absent some other "explicit statutory authority." *Id.* at 87. The Court went on to reject the plaintiff's argument that sufficient authority could be found in the fee-shifting statute's reference to "a reasonable attorney's fee," given the consistent distinction drawn by statutes and judicial opinions between attorney's fees and expert fees. *Id.* at 88 (citation omitted); see *id.* at 88-97.

More recently in *Murphy*, *supra*, the Court applied the same default rule to conclude that expert fees could not be shifted under an Individuals with Disabilities Education Act (IDEA) provision that authorizes a court to "award reasonable attorneys' fees as part of the costs," 20 U.S.C. 1415(i)(3)(B). The Court explained that Congress's use of the term "costs," rather than a more "open-ended" term such as "expenses," "strongly suggest[ed]" that the provision was not intended to permit an award of "all expenses incurred by prevailing" liti-

gants. 548 U.S. at 297. The Court held that the "recoverable costs" under the IDEA provision were "obviously the list set out in 28 U.S.C. § 1920, the general statute governing the taxation of costs in federal courts, and the recovery of witness fees under § 1920 is strictly limited by § 1821." *Id.* at 297-298; see *id.* at 301 ("The reasoning of *Crawford Fitting* strongly supports the conclusion that the term 'costs' in [the IDEA] * * * is defined by the categories of expenses enumerated in 28 U.S.C. § 1920."). Because the IDEA provision lacked the "explicit statutory * * * authorization" required by *Crawford Fitting* and *Casey*, the Court concluded that it did not permit a prevailing party to recover expert fees. *Id.* at 301 (quoting *Crawford Fitting*, 482 U.S. at 445).

3. By its plain terms, the Copyright Act's authorization of an award of "full costs" is limited to costs that are taxable under Section 1920. Like the federal Rule and the statutes construed in *Crawford Fitting*, *Casey*, and *Murphy*, 17 U.S.C. 505 authorizes the district court to award the "costs" of suit to a prevailing party. And, as explained above (see pp. 9-10, *supra*), this Court has construed Section 1920 as presumptively defining the word "costs" for purposes of other cost-shifting provisions. Congress's "use of this term of art, rather than a term such as 'expenses,' strongly suggests that [Section 505] was not meant to be an open-ended provision that makes [losing litigants] liable for all expenses incurred by prevailing [litigants]." *Murphy*, 548 U.S. at 297; cf., *e.g.*, 15 U.S.C. 1071(b)(3) ("[A]ll the expenses of the proceeding shall be paid by the party bringing the case."); 35 U.S.C. 145 ("All the expenses of the proceedings shall be paid by the applicant.").

If the word "costs" is defined in the manner dictated by this Court's precedents, and the word "full" is given

its ordinary meaning, the term "full costs" refers unambiguously to the entire amount of the expenses that are identified as taxable in Section 1920. See *Webster's Third New International Dictionary* 918 (1993) (defining "full" as "containing all that can possibly be placed or put within"). Although Congress can prescribe a different rule for particular cost-shifting provisions, Section 505's inclusion of the adjective "full" does not imply any intent to depart from the presumptive meaning of the noun "costs." Its authorization for courts in copyright cases to award "full costs" therefore cannot justify an award of expenses that are not "costs" at all under the interpretive approach this Court has mandated.

4. In affirming the district court's award of nontaxable costs in this case, the court of appeals relied on its prior decision in *Twentieth Century Fox Film Corp.* v. *Entertainment Distributing*, 429 F.3d 869 (9th Cir. 2005), cert. denied, 548 U.S. 919 (2006). The court in *Twentieth Century Fox* concluded that, in order to give operative effect to the word "full" in Section 505, the term "full costs" must encompass *all* litigation expenses, rather than all of the "costs" specified in Section 1920. The court viewed that approach as compelled by "the long standing principle of statute interpretation that statutes should not be construed to make surplusage of any provision." *Id.* at 885 (internal quotation marks omitted).

That analysis is unpersuasive. As an initial matter, reading "full costs" as requiring compensation for *all* litigation-related expenses would give rise to its own surplusage problem. The second sentence of Section 505 states that a court "may also award a reasonable attorney's fee to the prevailing party as part of the costs," an authorization that would be unnecessary if "full

costs" already covered all litigation expenses. As explained below, moreover, the court of appeals' reading of the term "full costs" as extending beyond costs taxable under Section 1920 is inconsistent with the history of the Copyright Act, and of fee-shifting in Anglo-American law more generally.

In any event, uncertainty as to what (if any) operative effect the word "full" has in current Section 505 provides no sound basis for the Ninth Circuit's decision. If a law provided that an employee injured on the job would receive his "full wages" during the period he was unable to work, a court would not naturally conclude that an employee was entitled to payments beyond those that would otherwise constitute "wages," simply to prevent the word "full" from being rendered superfluous. The same principle applies here. Even if the word "full" has no practical significance in the current version of Section 505, that fact does not justify the court of appeals' expansive reading of the provision, which disregards the legal principles articulated by this Court for identifying reimbursable litigation-related "costs." Cf. *Cyan, Inc.* v. *Beaver Cnty. Emps. Ret. Fund*, 138 S. Ct. 1061, 1075 (2018) (explaining that neither "uncertainty surrounding Congress's reasons for drafting" a particular statutory provision, nor "the possibility that the risk Congress addressed * * * did not exist," could provide a "sound basis for giving the [provision] a broader reading than its language can bear").

B. The History Of Cost-Shifting Under Anglo-American Law, Including Under The Copyright Laws, Supports Limiting "Full Costs" In Section 505 To Costs Taxable Under Section 1920

Congress first incorporated "full costs" language into the copyright laws in 1831. See Act of Feb. 3, 1831

(1831 Act), ch. 16, 4 Stat. 436. In addition to authorizing courts to grant injunctive relief "according to the principles of equity," § 9, 4 Stat. 438, the 1831 Act granted several forms of legal relief to authors whose copyrights were infringed, including statutory penalties and forfeitures, §§ 6, 7, 11, 4 Stat. 437, 438, as well as "all damages occasioned by such injury," § 9, 4 Stat. 438. It also mandated that, "in all recoveries under this act, either for damages, forfeitures, or penalties, full costs shall be allowed thereon, any thing in any former act to the contrary notwithstanding." § 12, 4 Stat. 438-439.

Little direct evidence exists regarding the particular categories of expenses that were thought to be taxable in copyright cases under the original "full costs" provision of the 1831 Act. But the contemporaneous practice of fee-shifting under English and early American law suggests that the term "full costs" referred to the *amount* of "costs" that a court could award, rather than to the *types* of taxable expenses that constituted "costs" in the first instance.

1. The term "full costs" was understood in early American law as describing the amount, rather than the types, of costs that a court could tax

a. While courts of equity have always had discretion to adjust the burdens of suit in the interests of justice, "[a]t common law, costs were not allowed," *Alyeska Pipeline*, 421 U.S. at 247; see *Trustees* v. *Greenough*, 105 U.S. 527, 535-536 (1882) (distinguishing between legal and equitable cost-shifting). In actions at law, a court's authority to shift costs between litigants was "based entirely on statute." Arthur L. Goodhart, *Costs*, 38 Yale L.J. 849, 851 (1929) (*Costs*). Statutory authority for the awarding of legal costs dates as far back as the Statutes of Gloucester, 1278, 6 Edw. 1, c. 1 (Eng.),

which permitted certain successful plaintiffs to recover from the defendant "the Costs of his Writ purchased." See *Costs* 852. Later statutes capped the monetary amounts that could be recovered in certain situations. For instance, an Elizabethan-era statute provided that "in most personal actions[,] if the debt or damages to be recovered did not amount to forty shillings then the plaintiff could not recover more costs than damages and might be awarded less." *Ibid.* (citing Frivolous Suits Act, 1601, 43 Eliz. c. 6, § 2 (Engl.)).

Both before and after the Founding, the States strictly regulated cost-shifting by courts, usually by enacting fee bills that set forth exhaustive lists of reimbursable costs and the rates at which those costs could be taxed. See *Costs* 874 ("[T]axable costs were fixed in amount."). Such statutes prescribed fees for services performed by various government officials, which could then be taxed against unsuccessful litigants. New Hampshire's fee bill, for instance, gave justices of the peace 10 cents "[f]or every writ of subpoena" and 17 cents "[f]or every writ of summons or writ of attachment with summons" issued in a civil case, and 34 cents "[f]or taking bail of persons committed in criminal cases, for each offender." Act regulating fees and repealing certain acts relative to the same, § 2 (1820), *reprinted in* Laws of the State of N.H., tit. LXXI, ch. 1, at 316-317 (1830). States also specified the rates at which other litigation-related expenses, such as witness fees, could be taxed. See, *e.g.*, Act establishing and regulating the Fees of the several Officers and other persons therein mentioned, § 1 (1821), *reprinted in* Laws of the State of Me., ch. 105, at 349 (1830) ($1 per day for attendance and $.04 per mile for travel).

As under English law, the States' fee statutes often capped or adjusted the amount of costs that could be awarded under particular circumstances. Under New York law, for example, a plaintiff who recovered less than 50 dollars in damages in certain civil suits could "recover no more costs than damages." 2 Rev. Stat. of the State of N.Y., pt. III, ch. X, tit. 1, § 6 (1829). But in other cases a litigant would recover "full costs," *id.* § 16, "double costs," *id.* § 25, "twice the amount of his taxed bill of costs," *id.* § 33, "treble costs," *id.* § 25, or even "the amount of his taxed costs, and one-half thereof in addition," *id.* § 24. The term "full costs" was used in the statutes of many States, often in contrast with provisions that adjusted the amount of costs awardable, either by setting a numerical cap or through a multiplier.[1]

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[1] See, *e.g.*, Act to amend and reduce the several Acts of Assembly for the Inspection of Tobacco into one Act, §§ 22, 23 (1798), *reprinted in* 2 The Statute Law of Ky., ch. LXVI, at 154-155 (1810) (providing for "full costs" and "double costs" in various actions); Rev. Stat. of the Commonwealth of Mass., pt. III, tit. VI, ch. 121, §§ 4, 7, 8, 11, 18 (1836) ("one quarter" costs, "full costs," or "double costs"); Rev. Stat. of the State of Mich., pt. 3d, tit. 5, ch. 1, §§ 5, 18 (1838) ("full" and "double" costs); Stat. of the State of Miss. of a Pub. & Gen. Nature, ch. XLIII, §§ 49, 59, 60, 83, 84, 97 (1840) ("full" and "double" costs); Act concerning costs, Rev. 168, §§ 8, 9, 11 (1795), *reprinted in* Lucius Q.C. Elmer, *Digest of the Laws of New Jersey* 175 (1838) ("full costs" and "double costs"); 1 Rev. Stat. of the State of N.C., ch. 31, at 164 (1837) ("full costs"); *id.* ch. 4, at 63 ("double costs"); Act for the sale of goods distrained for rent, §§ 3, 10 (1772), *reprinted in* 1 Laws of the Commonwealth of Pa., ch. DCXLV, at 371, 373 (1810) ("full costs" and "double costs"); Rev. Stat. of the State of Wisc., tit. XXIX, ch. 130, §§ 5, 12, 13, 48 (1849) ("full," "double," "treble," or "taxed costs, and one-half thereof in addition").

b. The Judiciary Act of 1789, ch. 20, 1 Stat. 73, authorized prevailing parties in federal-court suits to recover costs, see §§ 9, 11-12, 20-22, 1 Stat. 76, 78-79, 83-84, including in some cases "double costs," § 23, 1 Stat. 85. But the Judiciary Act "contain[ed] no fee bill," nor did it otherwise specify what categories of expenses could be taxed, or at what rates. *The Baltimore*, 75 U.S. (8 Wall.) 377, 388 (1869); see *id.* at 390; Philip M. Payne, *Costs in Common Law Actions in the Federal Courts*, 21 Va. L. Rev. 397, 401-402 (1935) (*Common Law Actions*). "Five days later, however, Congress enacted legislation regulating federal-court processes," including by specifying the costs that federal courts should award in civil suits. *Alyeska Pipeline*, 421 U.S. at 248 n.19. The so-called Process Act, Act of Sept. 29, 1789, ch. 21, 1 Stat. 93, directed federal courts to tax costs in actions at law at the rates prescribed by the State in which the court was located: "[The] rates of fees * * * in the circuit and district courts, in suits at common law, shall be the same in each state respectively as are now used or allowed in the supreme courts of the same." § 2, 1 Stat. 93; see *The Baltimore*, 75 U.S. (8 Wall.) at 90 ("By that act the modes of process and the rates of fees allowed in the Supreme Courts of the States, were expressly adopted as regulations in that behalf, in common law suits, in the District and Circuit Courts established by the prior act.").

The Process Act was drafted to expire at the end of the next congressional session, § 3, 1 Stat. 94, but Congress extended it twice, Act of Feb. 18, 1791, ch. 8, 1 Stat. 191, Act of May 26, 1790, ch. 13, 1 Stat. 123, before largely allowing it to lapse, Act of May 8, 1792, ch. 36, § 8, 1 Stat. 278. See *Alyeska Pipeline*, 421 U.S. at 248 n.19. "Temporary though the act was," however,

"still it was of sufficient duration to put the new system in complete operation." *The Baltimore*, 75 U.S. (8 Wall.) at 390. Thus, even after the Process Act ceased fully to apply in 1792, for cases at law, "the costs taxed in the Circuit and District Courts were the same as were allowed at that time in the courts of the State." *Id.* at 390-391; see *Costs in Civil Cases*, 30 F. Cas. 1058, 1059 (C.C.S.D.N.Y. 1852) (No. 18,284) (Nelson, Circuit J.) ("[T]he usage and practice of the circuit courts in taxing costs have uniformly been to apply the general rule prescribed in the [Process Act], namely, to fix the rate according to the fee bill of the state."); *Common Law Actions* 403 (similar); see, *e.g.*, *Ellis* v. *Jarvis*, 8 F. Cas. 554, 554 (C.C.D. Mass. 1824) (No. 4403) (Story, Circuit J.) ("In the state court, the plaintiff, upon the recovery, would have been entitled to his full costs; and I think, that this court in this suit is bound to administer the same law, as the party was entitled to in the state court.").

Over time, Congress became concerned about the lack of uniformity in the taxation of costs in federal courts. See Cong. Globe App., 32d Cong., 2d Sess. 207 (1853) (statement of Sen. Bradbury) (explaining that "[t]here is now no uniform rule either for compensating the ministerial officers of the courts, or for the regulation of the costs in actions between private suitors," so that "[o]ne system prevails in one district, and a totally different one in another"). Congress accordingly "undertook to standardize the costs allowable in federal litigation." *Alyeska Pipeline*, 421 U.S. at 251. The resulting legislation, "commonly referred to as the 'Fee Bill of 1853', was designed to reduce the expense of proceedings in the federal courts and to secure uniform rules throughout the United States." *Common Law Actions*

404. That law set out a comprehensive fee bill for proceedings at law, including the rates of reimbursement for attorneys, court clerks, federal marshals, jurors, and witnesses, as well as for printing fees. Act of Feb. 26, 1853, ch. 80, 10 Stat. 161; see *Alyeska Pipeline*, 421 U.S. at 251-252 (describing Fee Bill of 1853 as "a far-reaching Act specifying in detail the nature and amount of the taxable items of cost in the federal courts").

Throughout the following decades, Congress revised the list of taxable costs and rates available under the Fee Bill of 1853, see *Alyeska Pipeline*, 421 U.S. at 255-257, but left its general structure intact. See *Crawford Fitting*, 482 U.S. at 440 ("The sweeping reforms of the 1853 Act have been carried forward to today, 'without any apparent intent to change the controlling rules.'") (quoting *Alyeska Pipeline*, 421 U.S. at 255). The current provision is codified at Section 1920, which "now embodies Congress' considered choice as to the kinds of expenses that a federal court may tax as costs against the losing party." *Ibid.*[2]

c. As the preceding discussion shows, during the period in which Congress adopted the "full costs" language for copyright litigation, federal courts "uniformly" taxed costs, in actions at law, according to the practices of the States. *Costs in Civil Cases*, 30 F. Cas. at 1059. Although the 1831 Act empowered courts to award injunctive relief "according to the principles of

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[2] Although the Fee Bill of 1853 originally applied only to proceedings at law, following "the merger of law and equity in the federal courts," Section 1920 presumptively "control[s] a federal court's power" to award costs in all civil proceedings. *Crawford Fitting*, 482 U.S. at 443-444.

equity," 1831 Act § 9, 4 Stat. 438, the provision authorizing "full costs" applied only to "recoveries under th[e] act, either for damages, forfeitures, or penalties," § 12, 4 Stat. 438-439—that is, in cases of *legal* relief. Congress therefore would have expected costs to be taxed in such cases according to the rates set out in the relevant State's fee bill.

As noted above, state statutes often distinguished "full costs" from costs awarded under numerical caps that applied, for instance, where damages were less than a certain dollar amount; or from the "half," "double," or "treble" costs that applied in particular circumstances. See p. 17, *supra*. By providing for "full costs," Congress signaled that costs in copyright suits should be taxed at the listed state-law rates—no more and no less. That instruction would have been particularly useful in cases of statutory damages under the 1831 Act, because any amount "forfeit[ed]" due to infringement was to be divided equally between the copyright-holder and the United States. §§ 6-7, 4 Stat. 437-438. By specifying that a successful copyright plaintiff would receive his "full costs," Congress foreclosed any potential argument that the plaintiff's half-share of the recovery would entitle him to something less than a full cost award.

2. English practice drew no distinction between statutes that authorized "full costs" and those that merely authorized "costs"

At the certiorari stage, respondents advanced an alternative account of cost awards in early federal copyright cases. Respondents assert that, "at the Founding, state law followed 'the English practice of attempting to provide the successful litigant with *total reimbursement*.'" Resp. Br. in Op. 20 (quoting Wright & Miller

§ 2665). Emphasizing that the Process Act instructed federal courts to "apply state law in fashioning awards of costs and fees in suits at law," *ibid.*, respondents argue that the 1831 Act's provision for "full costs" was an instruction for courts to apply "the default state rule, under which prevailing copyright litigants received *all* of their costs, not just a subset," *id.* at 22 (emphasis omitted).

As explained above, however, in the early 19th century the States comprehensively regulated costs in proceedings at law by means of fee bills that specified in detail the litigation expenses that were reimbursable and the rates at which they could be taxed. See pp. 16-17, *supra*; see also Wright & Miller § 2665 ("At an early date the federal courts departed from the English practice of attempting to provide the successful litigant with total reimbursement and developed principles limiting the scope of taxable costs."); cf. *Fogerty* v. *Fantasy, Inc.*, 510 U.S. 517, 533-534 (1994) (rejecting argument that 17 U.S.C. 505 was intended to adopt British practice with regard to awarding attorney's fees). Thus, to the extent that the 1831 Act's "full costs" provision instructed federal courts to "apply state law," Resp. Br. in Op. 20, that instruction would have led such courts to tax costs at the rates specified in the relevant State's fee bill.

In any event, English law recognized no distinction between statutes that authorized the award of "full costs" and those that authorized "costs." Thus, in *Irwine* v. *Reddish*, (1822) 106 Eng. Rep. 1382 (K.B.), the court rejected a litigant's argument that a provision authorizing certain plaintiffs to recover "full costs" under the Distress for Rent Act, 1738, 11 Geo. 2, c. 19, § 6

(Eng.), was sufficient to override operation of the Frivolous Suits Act of 1601, 43 Eliz. c. 6, § 2 (Eng.), under which a judge was empowered, in certain cases, to deprive the plaintiff of his costs by certifying that his damages were less than 40 shillings. Because the plaintiff in *Irwine* recovered only 1 shilling in damages, the court concluded that his costs should accordingly be capped at 1 shilling. 106 Eng. Rep. at 1383. Although the Distress for Rent Act "gives full costs," the court explained, "that cannot make any difference, for no distinction is known in the law between costs and full costs, and in point of practice, there is no difference in the mode of taxation." *Ibid.*[3] The court in *Jamieson* v. *Trevelyan*, (1855) 156 Eng. Rep. 642 (Exchequer), similarly concluded that "the term 'full costs,' means ordinary costs as between party and party." *Id.* at 644 (Pollock, C.B.); see *ibid.* (Parke, B.) ("I agree that the term 'full costs' merely means the ordinary costs as between party and party.").[4]

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[3] A different reporter described Chief Justice Abbott's ruling in that case as follows:

> The officer of the Court says he knows of no distinction in the taxation of costs between *costs generally* and *full costs*. It is impossible in this Court to say that there can be any difference between *full* and *ordinary costs*. We have no mode of ascertaining the difference between the one and the other. They are precisely the same.

Irwin v. *Reddish*, (1822) 1 Dowl. & Ry. 413, 416 (Eng.).

[4] Courts sometimes used the term "full costs" in awarding the full *amount* of a litigant's taxable costs, usually in distinction to an award capped at a certain numerical threshold. See, *e.g.*, *Peddell* v. *Kiddle*, (1798) 101 Eng. Rep. 1185, 1185 (K.B.) (allowing "full costs" to plaintiff "notwithstanding he may have recovered less than 40s"); *Redridge* v. *Palmer*, (1791) 126 Eng. Rep. 396, 396-397 (K.B.) (where plaintiff recovered less than 40 shillings, concluding that

The question in *Avery* v. *Wood & Sons*, (1891) 65 L.T. 122 (Eng.), concerned interpretation of England's Copyright Act of 1842, which entitled a successful defendant to "have and recover his full Costs," *id.* at 122. After prevailing at trial, the defendants in *Avery* sought compensation for their attorney's fees, arguing that "the term 'full costs' as contained in the * * * Copyright Act [of] 1842" entitled them to be "fully indemnified against the costs incurred by them in resisting a claim to copyright that had failed." *Id.* at 123. The court rejected that argument, stating:

> [T]he term had been frequently used in Acts of Parliament prior to the Copyright Act 1842, and it must have been well known to the Legislature in 1842 to have been interpreted over and over again by the courts of common law as meaning merely "ordinary costs as between party and party." * * * *There has been no decision to the contrary, and the expression "full costs" has been used in all the Copyright Acts from the time of Anne.*

Id. at 123-124 (Lindley, L.J.) (emphasis added).

The italicized sentence is particularly significant because "Anglo-American copyright legislation begins in 1709 with the Statute of 8 Anne," *Fred Fisher Music Co.* v. *M. Witmark & Sons*, 318 U.S. 643, 647 (1943) (citing 1709, 8 Ann., c. 19 (Eng.)), and "the copyright laws enacted by the original thirteen states prior to 1789 were based largely upon the Statute of Anne," *id.* at 648, as was early federal copyright legislation, *id.* at 649-650. The Statute of Anne provided that a prevailing defend-

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plaintiff was "intitled to his full costs" rather than to "no more costs than damages").

ant in a copyright-infringement suit "shall have and recover his full Costs," § 8, a directive that was carried forward to the 1842 statute interpreted in *Avery*. The *Avery* court's understanding of "full costs" as simply "ordinary costs as between party and party," 65 L.T. at 124, supports a similar reading of the identical language in the 1831 Act. See H.R. Rep. No. 3, 21st Cong., 2d Sess. 1-2 (1830) (discussing Statute of Anne). Thus, to the extent that English practice is relevant here, it indicates that the term "full costs" does not expand the types of costs that are reimbursable in copyright-infringement suits.

3. The history of American copyright law confirms that "full costs" is best read as referring to the amount of compensation that may be awarded

a. In 1790, Congress enacted the first federal copyright statute, which conferred protection for, among other works, "any map, chart, book or books already printed within these United States." Act of May 31, 1790, ch. 15, § 1, 1 Stat. 124. The statute authorized registered authors to bring infringement suits, in the form of an "action of debt," to recover statutory damages for each violation, with "one moiety thereof" (*i.e.*, one share) payable to the author and another "moiety" payable to the United States. § 2 , 1 Stat. 125. The statute did not address the recovery of fees or costs.

Congress substantially revised the copyright laws in 1831. The new regime continued to divide between authors and the government any statutory penalties "forfeit[ed]" by infringers, 1831 Act §§ 6, 7, 11, 4 Stat. 437-438, and it allowed the holders of certain infringed copyrights to recover "all damages occasioned by such injury," § 9, 4 Stat. 438. The 1831 Act further authorized courts to grant injunctions, "according to the principles of equity," in order to prevent violations. *Ibid.* It also

mandated that, "in all recoveries under this act, either for damages, forfeitures, or penalties, full costs shall be allowed thereon, any thing in any former act to the contrary notwithstanding." § 12, 4 Stat. 438-439.

In subsequent revisions to the copyright law over the next century, Congress reenacted the cost-shifting provision with limited changes to the 1831 Act's "full costs" language.[5] In 1870, Congress removed the *non obstante* clause ("any thing in any former act to the contrary notwithstanding"). Act of July 8, 1870, ch. 230, § 108, 16 Stat. 215. And in 1909, Congress specified (1) that costs would be awarded to all prevailing litigants, whether plaintiff or defendant; (2) that no costs could be awarded in an action "brought by or against the United States or any officer thereof"; and (3) that a court "may award to the prevailing party a reasonable attorney's fee as part of the costs." Act of Mar. 4, 1909, ch. 320, § 40, 35 Stat. 1084.

In 1976, Congress enacted a "comprehensive revision" of the copyright law. *Dowling* v. *United States*, 473 U.S. 207, 223 (1985); see Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541. Many of the changes were adopted at the recommendation of the U.S. Copyright Office. See S. Rep. No. 473, 94th Cong., 1st Sess. 47-50 (1975). Among other things, the Copyright Office ad-

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[5] In 1856, Congress enacted copyright protection for authors of "any dramatic composition, designed or suited for public representation." Act of Aug. 18, 1856, ch. 169, 11 Stat. 139. The statute allowed such authors to sue for damages, "with costs of suit in any court of the United States." *Ibid.* There is no indication that Congress or the courts viewed this provision as differing in any substantive way from the cost-shifting provision in the 1831 Act, which mandated the allowance of "full costs."

vised that, although "[t]he costs involved in an infringement action are usually relatively small," the awarding of costs should nevertheless "be left to the discretion of the court." House Comm. on the Judiciary, 87th Cong., 1st Sess., *Copyright Law Revision: Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* 109 (Comm. Print. 1961).[6] The Copyright Office accordingly recommended enactment of language providing that "the court, in its discretion, may allow costs." *Ibid.* Congress adopted the Copyright Office's recommendation by enacting the language now codified at 17 U.S.C. 505, which for the first time made the award of costs discretionary, by stating that a "court in its discretion may allow the recovery of full costs." See *Fogerty*, 510 U.S. at 524 n.11 ("The 1976 Act changed the rule from a mandatory one to one of discretion.").

b. The foregoing history further refutes the Ninth Circuit's suggestion in *Twentieth Century Fox* that "full costs" must be read to encompass otherwise nontaxable litigation-related expenses in order to avoid "effectively read[ing] the word 'full' out of the statute." 429 F.3d at 885. Between 1831 (when the "full costs" language was first adopted) and 1976 (when the provision was made discretionary), the award of costs in an infringement suit was mandatory. During that period, the statutory command that courts award "full costs" could be understood as a directive to grant the full *amount* of taxable costs, rather than as an instruction about the *types* of expenses that could be shifted between parties. See 1 Noah Webster, *An American Dictionary of the English Language* 89 (1828) (first definition of "full": "having within its limits all that it can contain"). Without the

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[6] https://www.copyright.gov/history/1961_registers_report.pdf.

word "full," a court might have thought itself obligated to award *some* costs in every suit, but free to award less than the entire taxable amount in any particular case.

To be sure, once the statute was amended in 1976 to make the awarding of costs permissive, the word "full" no longer constrained the court's discretion as to the size of the award. From that point on, courts could award full costs, no costs, or any amount in between. But the function served by the word "full" during the 145 years in which the statute was mandatory provides more than sufficient answer to *Twentieth Century Fox*'s surplusage rationale. And it is farfetched to suppose that the 1976 Congress, by making the award of "full costs" discretionary, dramatically expanded the range of expenses that a court may award in copyright suits. Cf. *Marvin M. Brandt Revocable Trust* v. *United States*, 572 U.S. 93, 109 (2014) (rejecting surplusage argument based on later-enacted statutes, where such statutes "do not purport to define (or redefine)" earlier statute).[7]

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[7] Petitioners argue that Congress added "full costs" language to the 1831 Act in order to override a generally applicable statutory provision under which a prevailing copyright litigant who recovered less than $500 was barred from recovering his own costs and, at the discretion of the court, could "be adjudged to pay, costs." Pet. Br. 41 (quoting H.R. Rep. No. 2222, 60th Cong., 2d Sess. 19 (1909)). If the 1831 Act's cost-shifting provision had that effect, however, it was not because that law allowed plaintiffs to recover their "full costs"—an instruction only about the amount of costs to be recovered in eligible cases—but rather because it made cost awards mandatory "in all recoveries under this act." § 12, 4 Stat. 438–439.

C. Limiting Cost Awards Under Section 505 To Costs That Are Taxable Under Section 1920 Reflects Sound Copyright Policy

1. "[T]he ultimate aim" of copyright law is "to stimulate artistic creativity for the general public good." *Twentieth Century Music Corp.* v. *Aiken*, 422 U.S. 151, 156 (1975). To achieve that goal, "it is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible." *Fogerty*, 510 U.S. at 527. The Court has accordingly adopted rules regarding the shifting of litigation expenses under 17 U.S.C. 505 that eschew "unconstrained discretion" in favor of predictable "'limits.'" *Kirtsaeng* v. *John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1985-1986 (2016) (citation omitted); see *id.* at 1986 ("[S]uch unconstrained discretion prevents individuals from predicting how fee decisions will turn out, and thus from making properly informed judgments about whether to litigate.").

In *Fogerty*, the Court held that the same standards that govern a district court's decision to award attorney's fees to a copyright plaintiff should apply as well to a successful defendant. 510 U.S. at 534. In *Kirtsaeng*, the Court adopted a standard for awarding attorney's fees that "give[s] substantial weight to the objective reasonableness of the losing party's position." 136 S. Ct. at 1983. The Court explained that such an approach was "more administrable" than an alternative approach that would have required district courts to make "educated guesses" about the case's anticipated legal significance. *Id.* at 1987-1988. The Court also observed that an objective-reasonableness test would address the "oft-stated concern that an application for attorney's fees 'should not result in a second major litigation.'" *Id.* at

1988 (quoting *Independent Fed'n of Flight Attendants* v. *Zipes*, 491 U.S. 754, 766 (1989)).

2. Construing 17 U.S.C. 505 to authorize recovery only of costs taxable under Section 1920 would best further the goals of the Copyright Act. Section 1920 enumerates the six categories of costs that may be shifted in federal suits generally. Federal district courts are accordingly familiar with cost awards under that provision, and the courts of appeals have established clear guidelines about the types of expenses that are and are not taxable. See, *e.g.*, Wright & Miller § 2677 (discussing cases governing taxation of transcript expenses); *id.* § 2678 (witness fees and expenses). And there is no apparent policy reason that cost awards should be governed by different rules in copyright suits than in patent and trademark cases. See 15 U.S.C. 1117(a) (allowing prevailing trademark plaintiffs to receive "the costs of the action"); see also, *e.g.*, *Summit Tech., Inc.* v. *Nidek Co.*, 435 F.3d 1371, 1374 (Fed. Cir. 2006) (holding, in patent-infringement suit, that "the [trial] court's discretion is limited to awarding costs that are within the scope of 28 U.S.C. § 1920"); cf. *eBay Inc.* v. *MercExchange, L.L.C.*, 547 U.S. 388, 392 (2006) (adopting an "approach" under the Patent Act that was "consistent with [the Court's] treatment of" similar cases "under the Copyright Act")

The Ninth Circuit's approach, by contrast, creates an undefined—and hence unknowable—universe of nontaxable costs that may be awarded to the prevailing party at the conclusion of a copyright suit. In this case, for example, the district court awarded approximately $12 million in nontaxable costs, which included compensation "for expert witness fees, additional e-discovery

fees not included under 28 U.S.C. § 1920, contract attorney services, jury consulting, and other non-taxable costs." Pet. App. 70a; see *id.* at 74a-75a. Other courts likewise have made large awards of nontaxable costs in copyright cases. See, *e.g.*, *Mattel, Inc.* v. *MGA Entm't, Inc.*, No. CV 04-9049, 2011 WL 3420603, at *9 (C.D. Cal. Aug. 4, 2011) (awarding more than $31 million in costs, including for experts), aff'd, 705 F.3d 1108 (9th Cir. 2013).

Respondents have argued that, in the absence of guidelines regarding which expenses are or are not appropriately compensable, district courts will simply exercise their "discretion." Resp. Br. in Op. i, 1, 13, 16, 23. "Without governing standards or principles," however, the Ninth Circuit's rule "threaten[s] to condone judicial 'whim' or predilection." *Kirtsaeng*, 136 S. Ct. at 1986 (quoting *Martin* v. *Franklin Capital Corp.*, 546 U.S. 132, 139 (2005)). This Court should reject an interpretation that would turn 17 U.S.C. 505 into "an open-ended" authority for shifting "all expenses incurred by prevailing" copyright litigants, possibly including, for example, "travel and lodging expenses or lost wages due to time taken off from work." *Murphy*, 548 U.S. at 297.

Finally, limiting the award of costs to those taxable under Section 1920 will help to prevent disputes over cost-shifting from generating "a second major litigation." *Kirtsaeng*, 136 S. Ct. at 1988 (citations omitted). The potential availability of large awards like this one, unconstrained by statutory direction regarding what types of costs may be awarded, would give parties an incentive to fight over every substantial nontaxable item for which reimbursement might be sought. When costs are awarded under Section 1920, by contrast, "the assessment of costs most often is merely a clerical

matter that can be done by the court clerk." *Taniguchi*, 566 U.S. at 573 (citation omitted).

CONCLUSION

The judgment of the court of appeals should be reversed and the case should be remanded for further proceedings.

Respectfully submitted.

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No. 17-1625

IN THE

Supreme Court of the United States

RIMINI STREET, INC. AND SETH RAVIN,
Petitioners,

v.

ORACLE USA, INC., ORACLE AMERICA INC., AND ORACLE INTERNATIONAL CORPORATION,
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF FOR THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF NEITHER PARTY

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INTEREST OF AMICUS CURIAE

The American Intellectual Property Law Association ("AIPLA") is a national bar association of approximately 13,500 members who are primarily lawyers working in firms and corporations, in government service, and in the academic community.[1] AIPLA's members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly and indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law as well as other areas of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

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[1] In accordance with Supreme Court Rule 37.6, AIPLA states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than AIPLA and its counsel. AIPLA believes that (1) no member of its Board or Amicus Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to the litigation in this matter; (2) no representative of any party to this litigation participated in the authorship of this brief; and (3) no one other than AIPLA, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

AIPLA has no stake in any of the parties to this litigation or in the result of this case.[2]

SUMMARY OF ARGUMENT

Awards of costs under § 505 of the Copyright Act beyond those that courts may tax as costs under 28 U.S.C. § 1920 and order paid to witnesses under 28 U.S.C. § 1821 undermine the Copyright Act's registration-for-remedy incentives. Without the limits of those provisions, copyright owners are able to recover extraordinary remedies without satisfying the Act's prompt registration requirements for awards of attorney's fees and statutory damages.[3]

Copyright registration provides important benefits to copyright owners and to the public, giving a public record of key facts relating to the authorship and ownership of the claimed work. Although copyright protection does not depend on registration, Congress has recognized its importance by requiring registration to enforce copyrights and by providing incentives to encourage prompt registration. In particular, § 412 of the Copyright Act provides that statutory damages and attorney's fees are available only where the copyright owner registered the work before the infringement commenced, or within three months of first publication.

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[2] AIPLA has the consent of the parties to file this amicus brief, pursuant to Supreme Court Rule 37.3(a). Petitioners filed a blanket consent on October 24, 2018, and Respondents filed a blanket consent on October 26, 2018.

[3] "Non-taxable costs" are costs other than the costs enumerated in 28 U.S.C. §§ 1920 and 1821.

Unlike attorney's fee and statutory damage awards, however, cost awards under § 505 are not conditioned on the timely registration requirement of § 412. Absent the limitations of Sections 1920 and 1821 of Title 28, extraordinary cost awards may circumvent Congress's incentives to register.

In addition, different courts have allowed recovery of non-taxable costs as part of recovery of "full costs" with no clear standards, producing significant variability in such awards. The Ninth Circuit's reading of the statute provides no guidance about the factors to be considered, and is likely to increase variability in cost awards and uncertainty for both copyright owners and accused infringers.

ARGUMENT

I. UNCONSTRAINED DISCRETION TO AWARD COSTS UNDER 17 U.S.C. § 505 UNDERMINES THE COPYRIGHT ACT'S INCENTIVES TO REGISTER WORKS

A rule that exempts cost awards under 17 U.S.C. § 505 from the generally applicable constraints of 28 U.S.C. §§ 1920 and 1821 undermines the registration-for-remedy incentives in § 412 of the Copyright Act. Without these constraints, copyright owners can recover extraordinary cost awards without satisfying the statute's prompt registration requirements for statutory damages and attorney's fees.

A. Section 412 of the Copyright Act encourages prompt registration

Copyright registration provides an important public record that benefits both copyright owners and users, disclosing key facts about the authorship and ownership of the claimed work. The record includes the title of the work, the author of the work, the name and address of the claimant or copyright owner, the year of creation, and information on publication, prior registration, and preexisting material.

The importance of maintaining this record is reflected in the Copyright Act's incentives to encourage registration. A conspicuous incentive is the requirement in 17 U.S.C. § 411(a) for registration before a copyright owner can bring an infringement lawsuit.[4] In addition, § 412 conditions the availability of certain infringement remedies upon timely registration, including statutory damages under § 504 and attorney's fees under § 505. Thus, only copyright owners who have timely registered their works with the Copyright Office are entitled to the full array of remedies under the statute.

The incentives embodied in § 412 advance important public policy goals. Copyright registration offers several benefits in addition to allowing copyright owners to seek statutory damages and attorney's fees. Registration made within five years after first publication of the work is prima facie evidence of the validity of the copyright and of the

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[4] Whether the "application" or "registration" approach applies is an issue currently before this Court in *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*, No. 17-571.

facts stated in the registration certificate. *See* 17 U.S.C. § 410(c). Registration is a prerequisite for an infringement suit. *See* 17 U.S.C. § 411(a). Registration also allows copyright owners to establish a record with U.S. Customs and Border Protection to prevent the importation of infringing copies. *See* 19 C.F.R. § 133.32.

Congress has frequently recognized the benefits of registration to the public. Registration of published works "is useful and important to users and the public at large," H.R. Rep. No. 94-1476, at 158, by giving notice of what works are under copyright and who claims to own them for purposes of securing permissions or avoiding infringement. *See also* Registration Modernization, U.S. Copyright Office, 83 Fed. Reg. 52336 (Oct. 17, 2018) ("The Office's registration services are vital to creators and users of creative works of all types, including large and small businesses, individuals, and non-profit organizations."); S. Rep. 100-352, 19 (1988) ("Registration provides a useful public record.").[5]

Section 412, in particular, offers benefits to both copyright owners and users. It gives potential infringers an incentive to check the copyright register to avoid statutory damages and attorney's fees. *See Johnson v. Jones*, 149 F.3d 494, 505 (6th Cir. 1998). Such an incentive reduces "both the search costs

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[5] Congress's decision in 1989 to retain the registration requirement for domestic plaintiffs, at a time when other copyright formalities were eliminated in order to accede to the Berne Convention, is further evidence of the importance of copyright registration. *See* Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (1989).

imposed on potential infringers and the enforcement costs borne by copyright owners." In addition, "the simplicity of § 412 confers upon all parties involved the clarity and low administrative costs of a brightline rule." *Id.*

B. Awards of non-taxable costs undermine the incentives of § 412 to promote timely registration

The Ninth Circuit's interpretation undermines the incentives in § 412 for timely registration by permitting extraordinary cost awards regardless of when registration has occurred. Copyright owners who have not timely registered their works and are not eligible to recover statutory damages or attorney's fees nevertheless could recoup large cost awards under a system where non-taxable costs are allowed and not otherwise constrained.

Non-taxable cost awards can be substantial in copyright cases. In the proceedings below, the district court awarded more than $12 million in expert fees and other non-taxable costs. *See Oracle USA, Inc. v. Rimini St., Inc.*, 879 F.3d 948, 966 (9th Cir. 2018). Other courts have awarded substantial non-taxable costs. *See, e.g., Mattel, Inc. v. MGA Entm't, Inc.*, No. 04-cv-9049, 2011 U.S. Dist. LEXIS 85998, at *42-42 (C.D. Cal. Aug. 4, 2011), *aff'd*, 705 F.3d 1108 (9th Cir. 2013) (awarding more than $31 million in costs); *Perfect 10, Inc. v. Giganews, Inc.*, 847 F.3d 657, 674 (9th Cir. 2017) (awarding more than $420,000 in non-taxable costs); *Pringle v. Adams*, No. 10-cv-1656, 2014 U.S. Dist. LEXIS 101525, at *23-25 (C.D. Cal. July 23, 2014) (awarding approximately $300,000 in non-

taxable costs); *Capitol Records, Inc. v. MP3tunes, LLC*, No. 07-cv-9931, 2015 U.S. Dist. LEXIS 156069, at *24 (S.D.N.Y. Nov. 12, 2015) (awarding nearly $250,000 in non-taxable costs).

Large non-taxable cost awards, which may include sizeable expenditures like expert witness fees, undercut the incentives Congress enacted in § 412 to encourage timely registration of works. Under the Ninth Circuit decision, copyright owners can recover substantial cost awards without observing the requirements of § 412. It is unlikely that Congress, when it calibrated the incentives to register, envisioned that non-taxable cost awards would approach the magnitude of attorney's fees and statutory damages, the other levers of remedies that Congress carefully crafted in order to carry forward the important registration-and-remedy mechanism, so as to maintain a robust registration system. The Ninth Circuit decision creates a conflict with the requirement of § 412 that a party pay its own way to bring an infringement claim for a work that was not timely registered. Indeed, the decision allows a party to recover substantial amounts expended on professional fees for experts who have been hired by the very attorney whose professional legal fees are not recoverable.

Limiting "full" costs under § 505 to taxable costs as provided by 28 U.S.C. §§ 1920 and 1821 reconciles the policies underlying the Copyright Act and maintains the important registration incentive under the statute.

C. Congress has long recognized the importance of registration for copyright owners and users

A rule that forgoes the general limits on cost awards interferes with the longstanding incentives that Congress enacted to support copyright registration, an important feature of U.S. copyright law.

Under the Copyright Act of 1790, registration was compulsory and a prerequisite to bring an infringement action. *See* Ch. 15, 1 Stat. 124 (1790). The first major reform in the Copyright Act of 1909 kept the compulsory registration requirement, and it also included remedies of attorney's fees and statutory damages. *See* Copyright Act of 1909, ch. 320, Stat. 1075, 1078 (1909). At the time, Congress did not condition these remedies on registration before infringement because copyright protection under the 1909 Act arose for works that met various statutory requirements, including registration under § 10, renewal under § 23, and notice under §§ 9 and 18.

In the 1976 Copyright Act, Congress provided that copyright rights would exist at the moment a work is created – fixation in tangible form – as opposed to the time of registration under the 1909 Act. With this relaxation of the registration requirements, Congress refashioned extraordinary remedies as incentives for copyright owners to register their works.

Congress recognized in the 1976 Act that registration of published works would no longer be compulsory and "should therefore be induced in some practical way." H.R. Rep. No. 94-1476, at 158 (1976). In a 1965 report submitted to the House Judiciary Committee during the revision of the Copyright Act, the Register of Copyrights analyzed the provision that Congress ultimately would enact as 17 U.S.C. § 412. The Register noted that, of the sections on registration in the revision bill, this one "has attracted the most attention;" it was an "important provision" and a "cornerstone" of the registration, infringement, and remedy provisions of the bill. H. Comm. on the Judiciary, 89th Cong., Supp. Rep. of the Register of Copyrights on the General Revision of the U.S. Copyright Law 124-25 (Comm. Print 1965). After considering various proposals, the Register concluded, "it would be enough to induce registration if the statute made it a condition to the recovery of statutory damages and attorney's fees." *Id.* at 125.

In 1976, Congress enacted essentially the same language recommended by the Copyright Office. *See* Pub. L. No. 94-553, § 412, 90 Stat. 2541, 2583 (1976). Thus, Congress linked registration with the "extraordinary" remedies of statutory damages and attorney's fees to encourage copyright owners to register their works in a timely fashion. H.R. Rep. No. 94-1476, at 158 (1976); *see also Derek Andrew, Inc. v. Poof Apparel Corp.*, 528 F.3d 696, 700 (9th Cir. 2008) ("by denying an award of statutory damages and attorneys' fees where infringement takes place before registration, Congress sought to provide copyright owners with an incentive to register their copyrights promptly").

II. TITLE 28 CONSTRAINTS ARE NEEDED TO REMOVE UNCERTAINTY FROM § 505 COST AWARDS

A. No clear criteria exist for awarding non-taxable costs

The view that an award of "full costs" under § 505 is unconstrained by §§ 1920 and 1821 of Title 28 provides district courts with no guidance about the factors to be considered for making such awards. Instead, it promises to increase variability in cost awards among the courts, and will increase uncertainty for both copyright owners and accused infringers.[6]

The Copyright Act establishes no criteria for when or how a court may, "in its discretion," award costs. 17 U.S.C. § 505. The standards for determining costs vary across courts that allow for non-taxable costs. Some courts have authorized non-taxable costs that were "reasonable" or "reasonably incurred." *See Ronaldo Designer Jewelry, Inc. v. Prinzo*, No. 5:14-cv-73-DCB-MTP, 2017 U.S. Dist. LEXIS 133121 (S.D. Miss. Aug. 21, 2017); *Compass Homes, Inc. v. Heritage Custom Homes, LLC*, No. 2:13-cv-779, 2015 U.S. Dist. LEXIS 101338, at *34-35 (S.D. Ohio Aug. 3, 2015); *see also InvesSys, Inc. v. McGraw-Hill Cos., Ltd.*, 369 F.3d 16, 22 (1st Cir.

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[6] The word "full" sheds no light on the breadth of the word "costs," which is the crux of the dispute. The word does no more than clarify that, whatever "costs" are found permissible, they must be paid in "full." The *en banc* Federal Circuit in a patent case used a similar analysis for the phrase "all expenses" in *NantKwest, Inc. v. Iancu*, 898 F.3d 1177, 1194 (Fed. Cir. 2018).

2004) (allowing non-taxable costs under § 505 as part of "reasonable attorneys' fees").

Other courts have required non-taxable costs awards to be "necessary" to the case, in addition to being reasonable. *Clarity Software, LLC v. Fin. Indep. Grp.*, LLC, No. 2:13-cv-00795, 2016 U.S. Dist. LEXIS 70602, at *24-25 (W.D. Pa. May 31, 2016) (requiring consideration of the nature and timing of costs incurred, degree to which costs are customary, and necessity of incurring costs, among other factors).

And still other courts have considered the "moral blame" attributable to the party against whom the non-taxable cost is sought. *See Under a Foot Plant, Co. v. Exterior Design, Inc.*, No. 15-cv-871-BPG, 2017 U.S. Dist. LEXIS 141634, at *12 (D. Md. Sept. 1, 2017) (citing Nimmer treatise); *Ducks Unlimited, Inc. v. Boondux*, No. 2:14-cv-2885-SHM-TMP, 2018 U.S. Dist. LEXIS 38676, at *22 (W.D. Tenn. Mar. 9, 2018) (citing Nimmer treatise).

Within the Ninth Circuit, district courts are split on the standards for awarding non-taxable costs. *Compare Williams v. Bridgeport Music, Inc.*, No. 2:13-cv-06004, 2016 U.S. Dist. LEXIS 193633, at *5 (C.D. Cal. Apr. 12, 2016) (applying a "discretionary" standard to an award of non-taxable costs, taking into account "(i) the degree of success obtained by the moving party; (ii) the purposes of the Copyright Act; and (iii) whether an award of . . . fees would have a chilling effect that is too great or would impose an inequitable burden on an impecunious plaintiff"), *with Malibu Media, LLC v. Sianturi*, No. 1:16-cv-01059-AWI-SKO, 2017 U.S. Dist. LEXIS 123654, at

*20 (E.D. Cal. Aug. 3, 2017) (applying a "reasonableness" standard based on the lodestar approach to requested costs for $400 statutory filing fee and $65 process server fees), *and Penpower Tech. Ltd. v. S.P.C. Tech.*, 627 F. Supp. 2d 1083, 1095 (N.D. Cal. 2008) (applying a "reasonableness" standard based on the lodestar approach to requested costs of $2,005 for filing fee and for costs of process server, in copyright and trademark infringement default judgment).

B. Different courts award different types of non-taxable costs

With no clear standards, the types of non-taxable costs awardable under § 505 can vary significantly. Two examples are noteworthy: expert fees and computer-assisted research.

1. Expert fees

Some district courts have ruled that expert fees are recoverable under § 505. *See ExperExchange, Inc. v. DocuLex, Inc.*, No. 08-cv-03875-JCS, 2010 U.S. Dist. LEXIS 54530, at *34 (N.D. Cal. May 10, 2010) (awarding $51,840 in expert fees); *Capitol Records, Inc. v. Foster*, No. 04-cv-1569-W, 2007 U.S. Dist. LEXIS 97253, at *22-23 (W.D. Okla. July 16, 2007) (finding defendant entitled to recover reimbursement for expert witness fees, costs, and expenses).

Other district courts have declined to award expert fees even where the party is entitled to non-taxable costs under § 505. The reasons vary. Some have cited the apparent lack of "moral blame" by the liable party. *See Liang v. AWG Remarketing, Inc.*,

No. 2:14-cv-00099, 2016 U.S. Dist. LEXIS 13566, at *33 (S.D. Ohio Feb. 4, 2016); *Ducks Unlimited*, 2018 U.S. Dist. LEXIS 38676, at *22. One court concluded that, even though § 505 must cover costs beyond those listed in § 1920, expert fees are not recoverable because Congress did not clearly express its intent to include them in cost awards. *See Guzman v. Hacienda Records & Recording Studio, Inc.*, No. 6:12-cv-42, 2015 U.S. Dist. LEXIS 108360, at *11-12 & n.6 (S.D. Tex. Aug. 18, 2015).

2. Computer-assisted research

Some district courts have allowed computer-assisted research costs under § 505. *See Capitol Records, Inc. v. MP3tunes, LLC*, No. 07cv9931, 2015 U.S. Dist. LEXIS 156069, at *24 (S.D.N.Y. Nov. 12, 2015) (allowing recovery as a "reasonable out-of-pocket" expense); *Compass Homes, Inc. v. Heritage Custom Homes, LLC*, No. 2:13-cv-779, 2015 U.S. Dist. LEXIS 101338, at *34-35 (S.D. Ohio Aug. 3, 2015) (finding research costs reasonably incurred in the course of litigation); *Chambers v. Ingram Book Co.*, No. 2:09-cv-14731, 2012 U.S. Dist. LEXIS 37125, at *27-29 (E.D. Mich. Mar. 20, 2012) (finding Lexis and Westlaw research costs reasonable); *Perfect 10, Inc. v. Giganews, Inc.*, No. 2:11-cv-07098, 2015 U.S. Dist. LEXIS 54063, at *89 (C.D. Cal. Mar. 24, 2015) (awarding in Westlaw research charges).

The First Circuit, while following the Ninth Circuit in awarding non-taxable costs under § 505, side-stepped whether computer-assisted research – Lexis and Westlaw charges – were specifically allowed, instead permitting recovery of these costs as

part of reasonable attorney's fee. *See InvesSys, Inc. v. McGraw-Hill Cos., Ltd.*, 369 F.3d 16, 22 (1st Cir. 2004) (awarding research costs incurred as attorney's fees where customarily charged to the client, and not if the firm paid a flat monthly fee).

Other district courts have declined to award computer-based research costs under § 505. *See, e.g., Clarity Software, LLC v. Fin. Indep. Grp.*, LLC, No. 2:13-cv-00795, 2016 U.S. Dist. LEXIS 70602, at *26 (W.D. Pa. May 31, 2016) (finding Lexis research costs unreasonable); *Tempest Publ'g, Inc. v. Hacienda Records & Recording Studio, Inc.*, 141 F. Supp. 3d 712, 725 (S.D. Tex. 2015) (denying costs for "research and documentation").

C. The Ninth Circuit decision will increase variability in cost awards

Several circuits apply the bright-line rule that recovery of non-taxable costs is not permitted under § 505. *See, e.g., Pinkham v. Camex, Inc.*, 84 F.3d 292 (8th Cir. 1996); *Artisan Contractors Ass'n of Am., Inc. v. Frontier Ins. Co.*, 275 F.3d 1038. This Court's adoption of the Ninth Circuit's interpretation, with no corresponding guidance on the standards for determining how non-taxable costs are awardable in courts' discretion, would introduce significant variability in the cost awards in those circuits. More broadly, no courts will have clear standards for when to award non-taxable costs such as expert fees and computer-assisted research.

Such variability, in turn, will increase uncertainty in copyright infringement litigation,

serving neither copyright owners nor accused infringers. It encourages forum-shopping, as litigants will seek advantage by filing actions in venues that offer the more favorable cost awards. It also undermines the value of uniformity and clarity that provisions like § 1920 were intended to provide. *See Roadway Express v. Piper*, 447 U.S. 752, 761 (1980) ("Above all, Congress sought to standardize the treatment of costs in federal courts, to "make them uniform – make the law explicit and definite.") (quoting H.R. Rep. No. 32-50, at 6 (1852)).

Courts may exercise appropriate discretion when awarding costs under § 505 of the Copyright Act. Nonetheless, Sections 1920 and 1821 of Title 28 constrain recoverable costs to taxable costs. The interests of the copyright registration system, certainty, and predictability weigh against permitting § 505 awards for non-taxable costs. This constraint provides greater uniformity and better aligns with the policies underlying the Copyright Act.

CONCLUSION

The Court should find that non-taxable costs are not awardable under 17 U.S.C. § 505.

Respectfully submitted,

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IN THE

Supreme Court of the United States

RIMINI STREET, INC., *et al.*,

Petitioners,

v.

ORACLE USA, INC., *et al.*,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF OF *AMICUS CURIAE* PROFESSOR STEVEN BAICKER-MCKEE IN SUPPORT OF RESPONDENTS

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INTEREST OF *AMICUS CURIAE*

Amicus curiae, Professor Steven Baicker-McKee, is an Associate Dean, the Joseph A. Katarincic Chair of Legal Process and Civil Procedure, and an Associate Professor of Law at Duquesne University, School of Law. Professor Baicker-McKee is also an author of the *Federal Civil Rules Handbook*, the most widely-subscribed treatise on federal court practice and procedure. Professor Baicker-McKee's interest in this case stems from his experience as a practitioner as well as his academic work relating to electronic discovery and fee- and cost-shifting. The purpose of this brief is to demonstrate that, from a policy and statutory construction perspective, courts should construe § 505 of the Copyright Act to permit the award of "full costs," including taxable and nontaxable costs.

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* Pursuant to Rule 37.6, no counsel for any party authored this brief in whole or in part, nor did any party to the action before the Court, or any person or entity other than the undersigned, make a monetary contribution to the preparation or submission of this brief. Counsel for all parties have blanket consented to the filing of *amicus curiae* briefs.

SUMMARY OF ARGUMENT

The "American Rule" is a traditional baseline for litigation in the United States where each party covers its legal fees. Although the rule developed in response to a variety of factors in a developing American legal system, the enduring principle behind the American Rule is one of access to justice—a system that imposes the winning party's legal fees on the losing party might create a barrier to the courts for a plaintiff with a good faith, but uncertain, claim who fears the devastating effects of bearing the defendant's legal fees should the plaintiff lose.

The American Rule is not absolute. The parties may contractually agree to shift attorney's fees and Congress may enact statutes that shift attorney's fees. There are a variety of competing policy concerns that Congress considers when passing a statute that shifts attorney's fees. Some fee-shifting provisions seek to foster access to justice just like the American Rule does, by providing that a prevailing plaintiff may recover its attorney's fees, making that plaintiff closer to whole. Other provisions seek to deter bad faith litigation by allowing the court to allocate attorney's fees as it sees fit. When Congress enacts a statute that includes a provision shifting attorney's fees or other litigation expenses, the courts uphold and enforce that provision.

Congress did just that in § 505 of the Copyright Act, which provides discretion for a trial court to shift attorney's fees and "full costs." The issue before this Court is whether Congress meant for the term "full costs" to mean literally what the phrase says, or meant it instead to mean "taxable costs," the costs that are available to every prevailing party under Federal Rule of

Civil Procedure 54(d) and 28 U.S.C. § 1920. The explicit shifting of attorney's fees in § 505 proves that Congress intended to take covered claims outside the American Rule and to allow for greater shifting of the litigation burden. Congress's use of the term "full costs" instead of the well-known phrase "taxable costs" is a clear indication that Congress also intended to authorize the courts to shift costs beyond those already subject to shifting under Rule 54(d). There is no textual or policy reason not to enforce Congress's clear intent here—this *amicus* respectfully submits that § 505 provides the district courts with discretion to shift the full costs of litigation, including e-discovery costs, as it sees fit and in conformity with the factors this Court has established for the exercise of that discretion. In that manner, the courts can avoid creating a chilling effect on good faith litigation and can also police bad faith litigation tactics.

ARGUMENT

I. The American Rule Does Not Govern The Interpretation Of "Full Costs" Under § 505 Of The Copyright Act.

The American Rule provides that prevailing parties are generally not entitled to recover their attorney's fees in the absence of a statute providing for such or the agreement of the parties. *See, e.g., Baker Botts, L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158, 2164 (2015) ("Our basic point of reference when considering the award of attorney's fees is the bedrock principle known as the American Rule: Each litigant pays his own attorney's fees, win or lose, unless a statute or contract provides otherwise.") (quoting *Hardt v. Reliance Standard Life Ins. Co.*, 560 U.S. 242, 252–253

(2010)) (internal quotation marks omitted). "Although the American Rule developed in part as a reaction to statutes setting rates for legal services, one of the policy concerns behind the American Rule is the notion that we are better off with easier access to the courts for plaintiffs with limited resources." Steven Baicker-McKee, *The Award of E-Discovery Costs to the Prevailing Party: The Analog Solution in a Digital* World, 63 Clev. St. L. Rev. 397, 419 (2015) ("Baicker-McKee").[1]

However, in balancing the access-to-justice considerations inherent to the American Rule with competing policy considerations, Congress has the authority to pass laws creating, permitting, or even mandating, that the courts shift attorney's fees and costs. *See Baker Botts*, 135 S. Ct. at 2164 (recognizing that the American Rule yields when "a statute or contract provides otherwise"). Indeed, Congress has permitted fee- and cost-shifting in many situations, from civil rights statutes, 42 U.S.C. § 1988(b), to the Clean Air Act, 42 U.S.C. § 7604, to the Defend Trade Secrets Act, 18 U.S.C. § 1836. There are over 200 federal statutes alone that permit the shifting of attorney's fees. *See* Baicker-McKee, at 419. In these instances, Congress has balanced the possible chilling effects of fee-shifting on good faith claims underlying the American Rule with a variety of competing public policy

1. The analysis of cases and statutes shifting attorney's fees are relevant to the question before the Court because there are similar policy considerations underlying Congress's decision to shift attorney's fees and "full costs." Thus, Congress's decision to shift attorney's fees in § 505 provides important insight into Congress's intent in authorizing the shifting of "full costs," reflecting a balancing of the various competing concerns regarding the assignment of litigation burdens.

concerns, such as providing for a more fulsome recovery to a deserving plaintiff or discouraging frivolous claims.

For example, in suits brought under § 7604 of the Clean Air Act, courts are permitted to award the "costs of litigation," including reasonable attorney's and expert witness fees, to any party "whenever the court determines such award is appropriate." 42 U.S.C. § 7604. In providing for such awards, Congress necessarily considered the access-to-justice policy considerations inherent to the American Rule. However, Congress ultimately determined that the inclusion of this provision would serve two policy considerations: (1) encouraging meritorious actions by creating the potential for a fee- and cost-award, and (2) deterring potentially frivolous or harassing actions. *See Natural Res. Def. Council, Inc. v. E.P.A.*, 484 F.2d 1331, 1337-38 (1st Cir. 1973) (discussing the Congressional intent contained in S. Rep. No. 91-1196).[2] In such instances, Congress has concluded that the American Rule should yield. *See* Robert V. Percival & Geoffrey P. Miller, *The Role of Attorney Fee Shifting in Public Interest Litigation*, 47 LAW & CONTEMP. PROBS. 233, 237-41 (1984) (discussing why Congress has enacted fee-shifting statutes to encourage public interest litigation). Such policy determinations are within the exclusive purview of Congress. *See Cyan, Inc. v. Beaver Cnty. Emps*, 138 S. Ct. 1061, 1078 (2018); *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 721 (1967) (holding "acceptance of petitioners'

2. As set forth by the First Circuit in *Natural Resources Defense Council*, the Senate committee recognized that "[w]ithout the possibility of fees many meritorious actions would never be brought," but "many Senators . . . expressed concern that some would abuse the citizen suit provision by bringing frivolous or harassing actions." 484 F.2d at 1337.

argument would require us to ascribe to Congress a purpose to vary the meaning of that term without either statutory language or legislative history to support the unusual construction."), *superseded by statute*, Pub. L. No. 93-600, 88 Stat. 1955.

Additionally, while Federal Rule of Civil Procedure 54(d) and 28 U.S.C. § 1920 establish the shifting of "taxable costs" to the prevailing party as the default, there are many provisions in the Federal Rules of Civil Procedure and in statutes that modify this default cost transfer. For example, Rule 68 provides that a defendant who loses at trial—*i.e.*, who is not the prevailing party—may recover its costs if the plaintiff declined an offer of judgment for more than the plaintiff ultimately recovered at trial. Fed. R. Civ. P. 68. Likewise, under a variety of circumstances, Rule 37 authorizes the shifting of costs, including attorney's fees and non-taxable costs, to the party prevailing on a discovery motion. *See., e.g.*, Fed. R. Civ. P. 37(a)(5). Rule 11 and Rule 26(g) similarly authorize courts to exercise their discretion to shift costs and attorney's fees. Fed. R. Civ. P. 11(c); Fed. R. Civ. P. 26(g). Thus, it is beyond peradventure that Congress has the authority to vest the courts with discretion to award attorney's fees and broad costs.

II. In § 505, Congress Exercised Its Authority To Shift Attorney's Fees and "Full Costs."

By enacting § 505, Congress created an exception to the American Rule. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 533-34 (1994). This Court stated that "§ 505 is one situation in which Congress has modified the American Rule to allow an award of attorney's fees in the court's discretion." *Id.* Congress also authorized the shifting of

"full costs" in § 505. The central issue before this Court, therefore, is the meaning of that term—does "full costs" mean only the taxable costs allowed under Rule 54(d) and 28 U.S.C. § 1920, or something broader.

Petitioners would have the court construe the term "full costs" to mean only the costs awardable under § 1920, not full costs. (*See generally* Brief of Petitioners, dated November 13, 2018.) From a statutory construction, textual perspective, that argument is well rebutted in Respondents' brief, and this brief will avoid repeating it. (*See, generally* Brief of Respondents, dated December 13, 2018 ("Respondents' Brief").) This brief will, however, make certain observations about the construction of that term.

First, construing "full costs" to mean the same thing as taxable costs necessarily presumes that Congress did not know the difference between the two terms or was sloppy in its drafting. Courts generally presume the opposite—that Congress chooses its words carefully. *See Merrill Lynch, Pierce, Fenner & Smith Inc. v. Manning*, 136 S. Ct. 1562, 1579 (2016) (stating "when Congress enacts a statute that uses different language from a prior statute, we normally presume that Congress did so to convey a different meaning"); *In re Cardelucci*, 285 F.3d 1231, 1234 (9th Cir. 2002) ("This Court assume[s] that Congress carefully select[s] and intentionally adopt[s] the language used in a statute") (internal citation and quotation marks omitted); *see also Patriotic Veterans, Inc. v. Indiana*, 736 F.3d 1041, 1047 (7th Cir. 2013) ("The preeminent canon of statutory interpretation requires that courts presume that [the] legislature says in a statute what it means and means in a statute what it says there.") (internal citations and quotation marks omitted).

In the Brief of *Amicus Curiae* Professor Patrick T. Gillen in Support of Petitioners, Professor Gillen attempts to minimize the statutory language of § 505 by describing its reference to "full costs" as "bare." In this context, "bare" is a synonym for "clear." There is no reason to ignore Congress's straightforward plain language, nor is there any reason to attempt to create a strained rationale for why Congress would have used "full costs" when it meant "taxable costs," particularly when Rule 54(d) already provided authorization for the shifting of taxable costs.

Second, the authorization of the discretionary award of attorney's fees to the prevailing party in § 505 evidences Congress's determination that trial courts should balance the access-to-justice policies underlying the American Rule against the policy considerations supporting fee-shifting. Construing "full costs" to mean something less than full costs would be inconsistent with Congress's manifested intent to vest discretion in the trial court to allocate the litigation burden as it sees fit.[3]

III. Congress Properly Balanced Public Policy Considerations When It Authorized The Discretionary Award Of Full Costs Under § 505.

As discussed above, central to the American Rule is the concern that fee-shifting statutes will chill good faith litigants from bringing meritorious claims. As a starting

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3. Respondents have set forth why Petitioners' reliance on *Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437 (1987), *West Virginia University Hospitals, Inc. v. Casey*, 499 U.S. 83 (1991), and *Arlington Central School District Board of Education v. Murphy*, 548 U.S. 291 (2006), is misplaced.

point, these concerns are not implicated in this case because Respondents were the plaintiffs below, not the defendants. The trial court's exercise of its discretion to award attorney's fees or full costs against the *defendants* under § 505 therefore does not implicate access-to-justice concerns.

The discretionary nature of § 505 further ameliorates the access-to-justice concerns. Section 505 provides that "the court *in its discretion may allow* the recovery of full costs by or against any party other than the United States or an officer thereof." 17 U.S.C. § 505 (emphasis added); *Fogerty v. Fantasy, Inc.* 510 U.S. 517, 533 (1994) (recognizing that the award of reasonable attorney's fees to the prevailing party is discretionary). Based on the plain language of the statute, neither the plaintiff nor the defendant is automatically awarded full costs upon prevailing in the litigation. Rather, trial courts are granted the discretion to determine the proper allocation of fees and costs in order to govern the conduct of litigants. This discretion provides courts with sufficient leeway to manage the conduct of litigants while at the same time ensuring that § 505 is not used inequitably against an honest, good faith claimant.

Moreover, this Court has provided guidance as to how courts should exercise the discretion under § 505. In *Fogerty*, this Court enumerated the following non-exclusive factors that "may be used to guide courts' discretion": "frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." 510 U.S. at 534 n.19 (internal quotation marks omitted). In

Kirtsaeng v. John Wiley & Sons, Inc., 579 U.S. ___, 136 S. Ct. 1979, 1985 (2016), this Court further recognized "the broad leeway § 505 gives to district courts" while also recognizing that *Fogerty* "established several principles and criteria to guide their decisions." The trial court should afford substantial weight to the objective reasonableness of the parties' positions in the determination of whether to award attorney's fees under § 505. *Id.* By exercising their discretion as guided by the factors this Court has established, trial courts can avoid creating a chilling effect on plaintiffs with meritorious claims.

At the same time, § 505 provides the courts with discretion to police bad faith conduct. For example, the court's award of both attorney's fees and costs in this instance was premised in large part upon a finding that Petitioners engaged in "significant litigation misconduct" (and even then the court did not award all of the costs that Respondents sought). *Oracle USA, Inc. v. Rimini Street, Inc.*, 209 F. Supp. 3d 1200, 1215 (D. Nev. 2016); *see also Coles v. Wonder*, 283 F.3d 798, 803-4 (6th Cir. 2002) (upholding award of attorney's fees and taxable and non-taxable costs where the trial court found that the plaintiffs' claims were "objectively unreasonable" and their motivations in filing suit were "suspect"); *Shame on You Prods., Inc. v. Banks*, 893 F.3d 661, 668-69 (9th Cir. 2018) (upholding award of attorney's fees where the trial court found that the plaintiffs' claims were objectively unreasonable and that they acted in bad faith by, among other things, disobeying a court order to produce certain documents). Thus, there is ample evidence that Congress intended to authorize courts to shift the full litigation burden under § 505, not just taxable costs, and there is no policy or textual reason for the courts to countermand Congress's intent in this regard.

IV. "Full Costs" Under § 505 May Include Costs Associated With E-Discovery.

The development of electronic devices and the development of applications and software programs has resulted in a tremendous growth of data being created and collected. For example, more data was created in 2014 and 2015 than in the history of the world, and it was estimated that the amount of data would grow from 4.4 zettabytes (4.4 trillion gigabytes) in 2015 to 44 zettabytes (44 trillion gigabytes) in 2020. Bernard Marr, *Big Data: 20 Mind-Boggling Facts Everyone Must Read*, FORBES, (Sept. 30, 2015), available at https://www.forbes.com/sites/bernardmarr/%202015/09/30/big-data-20-mind-boggling-facts-everyone-must-read/#53721b0317b1 (last visited Dec. 19, 2018). The proliferation of data has substantially increased the costs of litigation in the United States, and it has been estimated that parties spent $2.8 billion on electronic discovery in 2009. *See* Baicker-McKee, at 398 & n.8. These costs include the preservation, collection, processing, review, and production of the data, which often involves the use of experts to ensure the integrity of the data and to prevent any spoliation of the data. *See id.* at 400-403.

The increase in discovery costs underlies this Court's decisions in *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007), and *Ashcroft v. Iqbal*, 556 U.S. 662 (2010). In *Twombly*, this Court noted that "discovery accounts for as much as 90 percent of litigation costs when discovery is actively employed." 550 U.S. at 559 (citation omitted). Recognizing the impact of those costs on the parties, this Court stated "the threat of discovery expense will push cost-conscious defendants to settle even anemic cases before reaching those proceedings." *Id.*

Because it is estimated that less than seven percent of cases in federal courts are tried or resolved on summary judgment motions, statutes like § 505 of the Copyright Act implicate a small percentage of cases in which applications for full costs are made. *See* Baicker-McKee, at 422-23, n.174-75. The same policy concerns that lead Congress, in appropriate circumstances, to authorize attorney's fee-shifting apply with equal force to e-discovery costs.

Weighing public policy considerations in the era of escalating discovery costs calls for a literal reading of § 505. Allowing a good faith litigant the opportunity to recover its discovery costs allows the trial court to thoughtfully balance the competing concerns regarding the burden of litigation.

CONCLUSION

"Access to justice" encompasses two concerns—*access* to the judicial system, and *justice* from the legal system. Providing discretion to the trial court to shift fees and full litigation costs in appropriate circumstances allows the court to promote both of these important concerns. Congress chose to authorize such discretionary fee- and cost-shifting in § 505. Reading § 505 as it is written, to encompass "full" litigation costs, is faithful to the text of the statute and promotes access to the judicial system and justice from the judicial system. As applied in this case, it allowed the trial court to more fully make the plaintiffs whole and deter bad faith litigation conduct. There is no textual or policy reason to rewrite the clear language in § 505 to narrow the scope of the term "full costs."

Dated: December 20, 2018

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No. 17-1625

In the Supreme Court of the United States

RIMINI STREET, INC. AND SETH RAVIN,
Petitioners,

v.

ORACLE USA, INC., ORACLE AMERICA, INC., AND ORACLE INTERNATIONAL CORPORATION,
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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BRIEF OF BSA | THE SOFTWARE ALLIANCE AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENTS

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INTEREST OF THE *AMICUS CURIAE*

BSA | The Software Alliance is an association of the world's leading software and hardware technology companies. On behalf of its members, BSA promotes policies that foster innovation, growth, and a competitive marketplace for commercial software and related technologies. Because copyright policy is vitally important to promoting the innovation that has made the United States the world's leader in software development, BSA members have a strong stake in the proper functioning of the U.S. copyright system.[1]

BSA members are among the Nation's leading technology companies, producing much of the hardware and software that power computer and telecommunication networks. Due to the complexity and commercial success of their products, these companies are frequently the subject of copyright infringement claims. At the same time, by virtue of their software development activities, BSA members hold numerous copyrights that they enforce against infringers in appropriate circumstances. Because BSA members are both innovators as well as substantial copyright holders, and are both plaintiffs and defendants in infringement actions, they have a particularly acute interest in ensuring that the cost-shifting rules for copyright litigation are fair and promote sound copyright policy.

The members of BSA include Adobe, Akamai, ANSYS, Apple, Autodesk, Bentley Systems, Box, CA

[1] Pursuant to Rule 37.6, *amicus* affirms that no counsel for a party authored this brief in whole or in part and that no person other than *amicus* and its counsel made a monetary contribution to its preparation or submission. The parties have filed blanket consents to the filing of *amicus* briefs with the Clerk's office.

Technologies, Cadence, CNC/Mastercam, DataStax, DocuSign, IBM, Informatica, MathWorks, Microsoft, Okta, Oracle, PTC, salesforce.com, SAS Institute, Siemens PLM Software, Slack, Splunk, Symantec, TrendMicro, Trimble Solutions Corporation, Twilio, and Workday.

INTRODUCTION AND SUMMARY OF ARGUMENT

The Copyright Act provision governing awards of costs and attorneys' fees, 17 U.S.C. § 505, should be interpreted to "encourage the types of lawsuits that promote th[e] purposes" of the Copyright Act—which are "encouraging and rewarding authors' creations while also enabling others to build on that work." *Kirtsaeng* v. *John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1986 (2016).

Amicus and its members—leading companies in the U.S. software industry—recognize the importance of both of these goals. If software creators fear that they will not be able to afford to bring infringement litigation when their copyrights are infringed, they will be deterred from making the investments needed to create new software. And if companies fear that they will incur substantial costs in defending against abusive infringement claims, they will be chilled from building upon others' copyrighted software in the manner permitted by fair use and other copyright principles—thereby frustrating innovation.

The reading of Section 505 that best promotes both goals of the Copyright Act—encouraging meritorious infringement lawsuits while discouraging abusive claims—is that district courts have discretion in appropriate cases to award to prevailing parties *all*

costs of litigation, including generally nontaxable costs.

Litigating a copyright suit to judgment imposes significant costs on both plaintiffs and defendants. Shifting all of those costs where appropriate is necessary to ensure that both plaintiffs and defendants with meritorious positions will be incentivized to press to a decision on the merits, and are not forced to abandon meritorious claims or defenses due to cost pressures.

This reading of Section 505 is also the one compelled by principles of statutory interpretation. Congress adopted the "full costs" language in the Copyright Act of 1831 as a departure from other statutes that allowed for "single costs" or expressly incorporated state law. Although Congress has since adopted a narrower definition of the costs that are taxable by default in federal court (see 28 U.S.C. § 1920), it has left the statutory provision for award of "full costs" unchanged in every successive version of the Copyright Act. That text should therefore be interpreted to mean what Congress originally intended—permitting a district court to award to the prevailing party all costs of the litigation, including otherwise nontaxable costs.

ARGUMENT

Costs Not Taxable Under 28 U.S.C. § 1920 Are Recoverable Under The Copyright Act.

This Court should affirm the decision below and hold that Section 505 confers upon district courts the discretion, in appropriate cases, to award to prevailing parties otherwise-nontaxable costs. Congress intended that such costs be awardable to prevailing copyright litigants, and shifting these costs when war-

ranted is necessary to enable both victims of infringement and noninfringing innovators to vindicate their rights under the Copyright Act.

A. Appropriate Enforcement Of Software Copyrights Is Important To The U.S. Economy.

1. Software innovations fuel the nation's economic growth.

Software is a key driver—if not *the* driver—of the U.S. economy today. The software industry contributes more than one trillion dollars to the U.S. economy every year. BSA, *The $1 Trillion Economic Impact of Software* 3 (June 2016), perma.cc/L28J-D8X5. That number includes $475.3 billion in direct GDP contributions and over $525 billion in indirect and induced contributions attributable to the software industry. *Ibid.*

Software innovations play an especially important role in increasing American economic productivity. "[A]ging economies," like the United States', "depend on productivity gains to drive economic growth." See, *e.g.*, McKinsey Global Inst., *Solving the Productivity Puzzle: The Role of Demand and the Promise of Digitization* 1 (Feb. 2018), perma.cc/A3W5-7F2R. And software is a key contributor to American productivity gains in virtually every industry sector. *Id.* at 7. Indeed, software has enabled enormous breakthroughs in a range of fields, from transportation and logistics, to medicine, to agriculture, to cloud computing. *The $1 Trillion Economic Impact of Software*, *supra*, at 6-9.

The software industry also contributes to economic growth through its significant investments in research and development ("R&D"). Companies have responded to "the supercharged pace of improvement

in what software can do" by "strengthen[ing] their software and service offerings," and this "rapid change is powerfully affecting the mix of R&D spending." Barry Jaruzelski et al., PwC, *Software-as-a-Catalyst*, strategy+business (Oct. 25, 2016), perma.cc/8SAH-WDTX. Software is the fastest growing category of R&D spending in the entire economy (*ibid.*), and now accounts for more than $50 billion of R&D spending per year. *The $1 Trillion Economic Impact of Software*, *supra*, at 4.

Finally, the software industry supports nearly 10 million American jobs. *The $1 Trillion Economic Impact of Software*, *supra*, at 3. Of those jobs, 2.5 million are created directly by the software industry. These are high-quality, high-paying jobs: Software developers earned an average of $108,760 in 2014—more than twice the average annual wage for all U.S. occupations. *Id.* at 1. And the industry's growth is expected to create even more of these jobs in the coming years: the Department of Labor projects that, as a result of "increased demand for computer software," "[e]mployment of software developers is projected to grow 24 percent from 2016 to 2026, much faster than the average for all occupations." Bureau of Lab. Stat., *Occupational Outlook Handbook: Software Developers*, perma.cc/77VA-2MHQ.

2. Software R&D relies on copyright protection.

Companies' ability to continue investing these huge sums in software development—and, therefore, the continued growth of the software industry's contribution to the economy—depends on appropriate, balanced judicial enforcement of copyright law.

Intellectual property protection is especially important to the software industry. "Software fundamentally differs from more traditional forms of medium, such as print or phonographic materials, in that software can be both[] more readily and easily copied on a mass scale in an extraordinarily short amount of time and relatively inexpensively." *Wall Data Inc.* v. *L.A. Cty. Sheriff's Dep't*, 447 F.3d 769, 781 (9th Cir. 2006) (internal quotation marks omitted). Indeed, the ease and speed with which software can be copied "make[] it extraordinarily vulnerable to illegal copying and piracy." *Ibid.* (internal quotation marks omitted). Thus, absent legal protection against unauthorized copying and use, software developers would be unable to recoup the costs of their investment in their software.

At the same time, software creators must have appropriate breathing room to borrow from prior software developments in lawful, noninfringing ways. Developers frequently reuse pieces of others' software or code in new software that builds on those elements, and copyright law authorizes such conduct through the fair use defense. See, *e.g.*, Clark D. Asay, *Transformative Use in Software*, 70 Stan. L. Rev. Online 9, 19 (2017) ("Software reuse is an important means by which to spur robust software innovation. Copyright law's fair use defense is one important means of enabling such reuse."). Copyright law should encourage this innovative conduct, which yields tremendous economic benefits when undertaken lawfully.

B. Balanced Copyright Enforcement Requires District Court Discretion To Award Prevailing Copyright Litigants All Of Their Costs, Not Just Generally-Taxable Costs.

The copyright system can properly balance these competing goals only if district courts are able, in appropriate cases, to make prevailing litigants whole for *all* costs associated with litigation—not just the subset of "taxable costs" enumerated in 28 U.S.C. § 1920. Without the availability of such relief, many copyright litigants will face the prospect of substantial financial loss even if they prevail in litigation—which opens the door to gamesmanship and abuse in the litigation system.

Copyright infringement litigation is an especially costly form of litigation for both sides of a case. As of 2013, the average cost of litigating a copyright case through trial ranged "from $384,000 to over $2 million, for both plaintiffs and defendants." Shyamkrishna Balganesh, *Copyright Infringement Markets*, 113 Colum. L. Rev. 2277, 2288 (2013). And copyright cases are especially likely to go to trial given the "necessarily fact-intensive nature" of the issues, including whether copying occurred, whether two works are "'substantially similar,'" and whether a use qualified as a fair use. *Id.* at 2289.

These high costs burden both plaintiffs and defendants. "Copyright owners whose works are infringed often are deterred from enforcing their rights due to the burden and expense of pursuing litigation in the federal system." U.S. Copyright Office, *Copyright Small Claims: A Report of the Register of Copyrights* 24, 97 (Sept. 2013), perma.cc/8VLG-BFRJ. A

determined defendant can threaten to draw out litigation and thus frustrate a plaintiff's legitimate infringement claim.

High costs are also a threat to copyright defendants, because they "discourage defendants from contesting palpably frivolous and overbroad infringement claims by copyright owners." Balganesh, 113 Colum. L. Rev. at 2291. Faced with the high cost of litigating a copyright claim to judgment (and of proving fair use, which is an affirmative defense (see *Campbell* v. *Acuff-Rose Music, Inc.*, 510 U.S. 569, 590 (1994))), a defendant that has engaged in lawful, non-infringing innovation may agree to pay an unjustified settlement rather than defending its conduct through summary judgment and trial.

Although the Copyright Act unquestionably allows prevailing parties to recover generally-taxable costs and attorneys' fees, shifting those costs alone often may not be sufficient to alleviate the problem of high costs in copyright litigation. Indeed, as this case illustrates, precluding the recovery of nontaxable costs would leave many prevailing copyright litigants uncompensated for a significant portion of litigation expenses.

Here, respondents were awarded $12.7 million in nontaxable costs, as opposed to only $3.4 million in taxable costs. Pet. App. 33a-34a. And the nontaxable costs awarded were 25% less than respondents had sought (*id.* at 71a)—indicating that respondents' actual nontaxable costs were even higher. Allowing district courts to award prevailing parties *all* of their litigation costs—including generally-nontaxable costs—is therefore necessary to ensure that victims of in-

fringement can be made whole and that innocent defendants have proper incentives to resist and defeat unjustified infringement lawsuits.

Making nontaxable costs available would not open the door to massive awards in every case. Rather, the amount of costs to be awarded in a particular case would be committed to district courts' discretion, as Section 505 directs. See 17 U.S.C. § 505 ("[T]he court *in its discretion* may allow the recovery of full costs by or against any party.") (emphasis added). In exercising this discretion, district courts—like the district court here (Pet. App. 60a)—are properly guided by the standard this Court outlined for attorneys' fee claims under Section 505 in *Fogerty* v. *Fantasy, Inc.*, 510 U.S. 517 (1994), and *Kirtsaeng* v. *John Wiley & Sons, Inc.*, 136 S. Ct. 1979 (2016).

That approach, as *Kirtsaeng* clarified, gives "substantial weight" to the objective reasonableness of the losing party's litigation position (136 S. Ct. at 1986), but also looks to a number of other "nonexclusive factors," including "frivolousness, motivation, * * * and the need in particular circumstances to advance considerations of compensation and deterrence." *Fogerty*, 510 U.S. at 534 n.19 (internal quotation marks omitted). This multi-factor approach allows district courts to award a prevailing party all of its litigation costs when the circumstances warrant, while giving courts flexibility to award reduced costs (or no costs) in less egregious cases.

Petitioners object that permitting awards of nontaxable costs would create administrability problems and lead to "significant post-trial litigation." Pet. Br. 46. But that concern is misplaced. What qualifies as a "taxable cost" under Section 1920 in any given case is already subject to debate. See, *e.g.*, *Marmo* v. *Tyson*

Fresh Meats, Inc., 457 F.3d 748, 763 (8th Cir. 2006) (district court did not abuse discretion in refusing to tax costs related to witnesses who were withdrawn by plaintiff or ruled inadmissible); *Denton* v. *DaimlerChrysler Corp.*, 645 F. Supp. 2d 1215, 1227 (N.D. Ga. 2009) (concluding that "shipping and handling charges and the costs of obtaining exhibits" for depositions were recoverable costs under Section 1920(2) but that "incidental expenses associated with depositions," such as CD-ROMs, rough transcripts, etc., were not recoverable).

Similarly, "legal battles over attorneys' fees" can often require "another round of protracted litigation" to resolve. See *S-1 By and Through P-1* v. *State Bd. of Educ. of N.C.*, 6 F.3d 160, 171 (4th Cir. 1993) (Wilkinson, J., dissenting), *adopted by* 21 F.3d 49, 52 (4th Cir. 1994) (en banc). And parties can seek to have courts award nontaxable costs pursuant to their inherent authority—which would lead to additional litigation. See Resp. Br. 52.

Cost awards require nothing more than a straightforward exercise of the district court's discretion, informed by the same equitable analysis that a district court already will be applying to the prevailing party's attorneys' fee request. For that reason, allowing awards of generally-nontaxable costs would not add any meaningful additional litigation burden.

C. Section 505's Provision For "Full Costs" Includes Authority To Award Otherwise-Nontaxable Costs.

Awarding nontaxable costs to prevailing copyright litigants is not only the proper approach as a matter of policy—it is the approach that best comports with

the text of Section 505 and the context in which the provision was originally enacted.

1. The statutory term "full costs" means an award of all litigation expenses, in accordance with prevailing practice at the time of its enactment.

Section 505 is distinctive in its use of the phrase "full costs"; most of the cost-shifting provisions in the U.S. Code refer only to "costs," either alone or in conjunction with other terms (Pet. Br. 24 n.1).

This intentional choice of words is crucial to resolving the question presented. As this Court has often stated, "when Congress enacts a statute that uses different language from a prior statute, we normally presume that Congress did so to convey a different meaning." *Merrill Lynch, Pierce, Fenner & Smith Inc.* v. *Manning*, 136 S. Ct. 1562, 1578 (2016). Thus, Section 505 should be read in light of its particular language, which authorizes the award of a broader range of litigation costs than those available under other statutes that refer simply to "costs."

The history of the language "full costs" confirms that Congress intended the term to encompass more than the costs now identified as taxable under Section 1920. At the time Congress enacted the Copyright Act of 1831, there was no generally applicable federal statute governing cost-shifting in federal court. Instead, Congress had enacted statutes that expressly incorporated state law, or otherwise limited which costs were recoverable. Resp. Br. 37. The 1831 Act, by contrast, broadly provided that "in all recoveries under this act, either for damages, forfeitures, or penalties, full costs shall be allowed thereon, any thing in

any former act to the contrary notwithstanding." Copyright Act of 1831, ch. 16, § 12, 4 Stat. 436, 438-39.

In 1853, Congress passed the Fee Act, which provided that "in lieu of the compensation now allowed by law," only certain fixed categories of costs would be taxable by federal courts. Fee Act of 1853, ch. 80, 10 Stat. 161, 161. But that law did not disturb the broad, preexisting language of the 1831 Copyright Act, and Congress has not done so since.

Congress's preservation of the 1831 Act's language is a strong indicator that it intended to preserve the 1831 Act's broad provision for award of *all* costs. See, *e.g.*, *Kappos* v. *Hyatt*, 566 U.S. 431, 440-41 (2012) (holding that because the "core language" of a statute later incorporated into the Patent Act "remains largely unchanged," the predecessor statute "and the judicial decisions interpreting that statute should inform our understanding of" the current statute).[2]

2. Petitioners' reading of this Court's precedents is wrong.

Petitioners' argument that "full costs" under Section 505 are limited to taxable costs under Section

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[2] The United States observes that the States in 1831 regulated the amounts of costs that could be recovered and their rates, and asserts that, in providing for "full costs," "Congress signaled that costs in copyright suits should be taxed at the listed state-law rates—no more and no less." U.S. Br. 21. But that ignores the fact that Congress chose to incorporate state law explicitly when it wished to do so—and it did not do so in the 1831 Copyright Act. See, *e.g.*, Act of Mar. 1, 1793, ch. 20, § 4, 1 Stat. 332, 333. The 1831 Congress's determination that the "full" amount of such costs should be recoverable, a determination that has never been overturned, supports a broad construction of Section 505.

1920 rests on a flawed reading of this Court's precedents.

In petitioners' view, those precedents impose a rigid, three-category structure for litigation-related expenses: "costs," which means only the costs taxable under Section 1920; "fees," meaning amounts charged by attorneys and other professionals; and "expenses," a catchall for other types of expenditures. Pet. Br. 20. Petitioners contend that the term "costs" never refers to any expenditures other than the taxable costs enumerated in Section 1920 and, as a result, a statute using the term "costs" presumptively does not authorize awarding any other kind of costs unless—and only to the extent that—it also refers to "fees" or "expenses." *Id.* at 25.

Petitioners' approach is an incorrect oversimplification. There is no ironclad rule that applies to every instance of fee-shifting language in the U.S. Code because Congress itself does not consistently employ the three terms in petitioners' rigid structure. In some instances, it speaks of "costs" as separate from "fees" or "expenses." See, *e.g.*, 11 U.S.C. § 363(n) (referring to "any costs, attorneys' fees, or expenses incurred"); 15 U.S.C. § 2618(d) (referring to "costs of suit and reasonable fees for attorneys and expert witnesses"). But in other instances, Congress speaks of "costs" or "expenses" as *including* "fees." See, *e.g.*, 15 U.S.C. § 2087(b)(7)(B) ("costs of litigation (including reasonable attorneys' and expert witness fees)"); 30 U.S.C. § 938(c) ("all costs and expenses (including the attorney's fees)"); 42 U.S.C. § 247d-6d(e)(9) ("reasonable expenses * * * including a reasonable attorney's fee").

In sum, there is no one definition of "costs" that applies in every situation; rather, the question

whether a statute authorizes awarding generally-nontaxable costs must be determined on the basis of each statute's particular text and context. Here, for the reasons explained above, that context demonstrates that Congress's intent, when it adopted the language now found in Section 505, was to provide for awards of *all* kinds of litigation costs.[3]

Petitioners also invoke a trio of this Court's precedents—but none offers support for their position that "full costs" excludes nontaxable costs.

First, in *Crawford Fitting Co.* v. *J.T. Gibbons, Inc.*, 482 U.S. 437 (1987), the Court held that prevailing defendants in antitrust actions could not obtain expert witness fees beyond the limited reimbursement authorized by Section 1920. The district court in that case had awarded expert witness fees in excess of those available under Section 1920, purporting to act pursuant to its discretion under Rule 54(d). *Id.* at 439. This Court rejected this use of Rule 54(d), holding that "[Section] 1920 defines the term 'costs' as used in Rule 54(d)." *Id.* at 441.

Crawford Fitting thus established that in cases in which Rule 54(d) and Section 1920 govern awards of costs, the taxable costs enumerated in Section 1920 are the only costs that a court may award. But the Court did not hold that Section 1920 precludes awards of other types of costs in cases governed by a statute whose text and context departs from Rule 54(b) and

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[3] That conclusion is corroborated by the fact that four other federal statutory provisions, all of which were enacted after 1976, also use the phrase "full costs"—and as respondents note, the legislative history of one of these provisions indicates that Congress understood the term to include more than the costs that are taxable under Section 1920. Resp. Br. 7.

Section 1920. To the contrary, the Court acknowledged that its default rule could be displaced by "explicit statutory or contractual authorization." 482 U.S. at 445. That is precisely the circumstance here.

Next, in *West Virginia University Hospitals, Inc.* v. *Casey*, 499 U.S. 83 (1991), the Court considered whether 42 U.S.C. § 1988—which at the time authorized "a reasonable attorney's fee"—also allowed for awards of expert witness fees. The Court held that it did not, concluding based on statutory and judicial usage that the term "attorney's fee" was not ordinarily used to refer to expert witness fees and thus did not give "explicit statutory authority" to award expert fees. That unremarkable proposition is the most that *Casey* can be read to hold—and it is irrelevant here, given that Section 505 entitles prevailing parties to "full costs," a term that at the time of its adoption meant *all* costs associated with litigation.

Finally, in *Arlington Central School District Board of Education* v. *Murphy*, the Court held that expert witness fees could not be recovered under the Individuals with Disabilities Education Act ("IDEA"), which provided that a court could award "reasonable attorneys' fees as part of the costs." 548 U.S. 291, 293 (2006) (internal quotation marks omitted). The Court's decision in *Murphy* turned on essentially the same reasoning as *Casey*: indeed, *Murphy* noted that, in order to award expert witness fees to the plaintiffs, the Court would have had to "hold that the relevant language in the IDEA * * * exactly the opposite of what the nearly identical language in 42 U.S.C. § 1988 was held to mean in *Casey*." *Id.* at 302. Thus, *Murphy* is inapposite here for the same reasons as *Casey*.

To be sure, *Murphy* referred to "the principle, recognized in *Crawford Fitting*, that no statute will be

construed as authorizing the taxation of witness fees as costs unless the statute 'refer[s] explicitly to witness fees.'" 548 U.S. at 301 (quoting *Crawford Fitting*, 482 U.S. at 445). But to the extent that *Crawford Fitting* recognized such a "principle," it was one that looked forward from the enactment of Section 1920: the *Crawford* Court was loath to "infer that Congress has repealed §§ 1920 and 1821" through a statute "not referring explicitly to witness fees." 482 U.S. at 445. Such a forward-looking rule makes perfect sense—for legislation enacted after Section 1920, it is logical to understand Congress to have departed from Section 1920's taxable cost baseline only where it said it was doing so.

But the relevant language of Section 505 of the Copyright Act long predates Section 1920—indeed, as noted above, that language predates even the original Fee Act. Congress's clear intent in the 1831 Act to provide for full shifting of litigation costs should not be abrogated based on an interpretive rule grounded in a statute (Section 1920) that was enacted more than one hundred years later.

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

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IN THE

Supreme Court of the United States

RIMINI STREET, INC., *et al.*,

Petitioners,

v.

ORACLE USA, INC., *et al.*,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF OF *AMICUS CURIAE* COPYRIGHT ALLIANCE IN SUPPORT OF RESPONDENTS

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BRIEF OF THE COPYRIGHT ALLIANCE AS *AMICUS CURIAE* IN SUPPORT OF AFFIRMANCE

Pursuant to Rule 37 of the Supreme Court of the United States, *amicus curiae* the Copyright Alliance respectfully submits this brief in support of the request of respondents Oracle USA, Inc., *et al.*, that the decision of the United States Court of Appeals for the Ninth Circuit be affirmed.[1]

INTEREST OF *AMICUS CURIAE*

The Copyright Alliance is a nonprofit, nonpartisan 501(c)(4) membership organization dedicated to promoting and protecting the ability of creative professionals to earn a living from their creativity. It represents the interests of individual authors from a diverse range of creative industries—including, for example, writers, musical composers and recording artists, journalists, documentarians and filmmakers, graphic and visual artists,

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[1] Pursuant to Sup. Ct. R. 37.6, *amicus curiae* states that no counsel for any party authored this brief in whole or in part, and no party or counsel for any party made a monetary contribution intended to fund the preparation or submission of this brief. Only *amicus curiae* made such a monetary contribution. Respondent Oracle America, Inc. is a member of the Copyright Alliance. Other Copyright Alliance members may join other *amicus* briefs submitted in this case. The Clerk has noted Petitioners' and Respondents' blanket consents to *amicus curiae* briefs, dated October 24, 2018 and October 26, 2018, respectively, on the docket.

photographers and software developers—and the small businesses that are affected by the unauthorized use of their works. The Copyright Alliance's membership encompasses these individual artists and creators, creative union workers, and small businesses in the creative industry, as well as the organizations and corporations that support and invest in them.

Consistent with its mission of advocating policies that promote and preserve the value of copyright, and protecting the rights of creators, the Copyright Alliance participates as an *amicus* in this case to help this Court understand, from the perspective of content creators of all sizes, how allowing recovery of "full costs," including non-taxable costs, under 17 U.S.C. § 505 advances the purposes of, and policies behind, copyright law. From the members' perspective, this approach would further the goals of the Copyright Act by incentivizing copyright owners to protect their rights through litigation where appropriate, encouraging parties to pursue meritorious claims and defend against frivolous ones, and promoting the full and fair adjudication of copyright cases. The Copyright Alliance also chooses to participate as an *amicus* in this case to warn the Court of the significant negative effects the adoption of Petitioners' proposed construction of the statute would have not only on copyright owners and litigants, but on copyright law as a whole.

SUMMARY OF ARGUMENT

As a matter of law and policy, the Court should affirm the Ninth Circuit's decision and interpret 17 U.S.C. § 505 to allow recovery of "full costs" expended in litigation. The statute, the policy underlying it, and the interpretation of the Copyright Act have all confirmed the concept that the district courts have the sound discretion to award the prevailing party compensation for due costs incurred in enforcement or defense of claims.

Awards of "full costs" in copyright cases have a long history in the law, reaching back to the 1909 Copyright Act. Making full costs available in the Court's discretion also falls into line with the policies of the Copyright Act. The reading that Respondents advocate furthers several purposes of the Copyright Act, including encouraging parties to bring meritorious claims that protect creators' rights and bolstering the litigation of meritorious defenses that further the development of copyright law.

Encouraging meritorious claims advances the purposes of the Copyright Act for the same reasons that the Court in *Kirtsaeng v. John Wiley & Sons, Inc.* and *Fogerty v. Fantasy Inc.* found, as the victor's likelihood of recovering full costs from the opposing party gives him an incentive to litigate the case to the end. Such litigation, in turn, enriches the general public through access to creative works by

demarcating the boundaries of copyright law as clearly as possible.

Unlike in many areas of the law, creators and other copyright owners cannot look to large damage awards to help offset the full costs of litigating a case. Where parties are seeking injunctive relief, which is often most critical in copyright cases, recovery of all costs becomes even more important to offset the high threshold of litigating in federal court. Making full costs available is even more important in the digital age, where copyright cases often require unique treatment, including increased use of technical or specialized experts. These experts often come with a hefty price tag, but they are vital to the proper adjudication of the case.

Fundamentally, moreover, if a creator is going to be incentivized to create, a decision to leave the creator with no option but to invest her own funds in non-taxable litigation costs yields the result of turning the incentives upside down. If the cost of enforcement is too expensive, then the copyright that the law grants to the creator becomes devalued, if not entirely meaningless. The copyright laws are designed to encourage the protection and enforcement of the copyright; assuring the copyright owner that there is no chance to recover certain expensive costs does little to incentivize the copyright owner to take action.

This is a real problem that creators would face if the decision below is reversed. In some cases, the costs are so great that the creator cannot afford to take a first step, or step far enough down the road. Similarly, if a party with a meritorious defense cannot afford the necessary costs of electronic discovery, experts, and other costs that Petitioner claim are excluded, that party may be discouraged from defending against the claim. This outcome in turn removes an opportunity to develop the contours of copyright law, as the Courts in *Kirtsaeng* and *Fogerty* recognized.

Principles of statutory interpretation confirm that Section 505 should be read consistently with the outcome that copyright policy encourages. Leading scholars similarly have opined that "full costs" means taxable and non-taxable costs. Even the plain language of the statute—in using the word "full" rather than "taxable"—resolves to Respondents' position that "full costs" are exactly that.

In contrast, adoption of Petitioners' proposed interpretation of the law would be inconsistent with the language of the statute, undermine copyright policy, and significantly chill copyright claims. Many copyright owners struggle to meet the high threshold to commence a copyright case, let alone bear the high costs required for experts and electronically stored discovery in order to be

successful. Barring such rights holders from recovery of their full costs if they win would discourage creators from bringing meritorious claims and leave them without an available avenue to enforce their rights. Moreover, Petitioners' proposed interpretation would create a policy that would favor wrongdoers and thereby embolden infringers who would be challenged only by well-funded copyright owners. As longstanding copyright law and policy confirms that categorical bars to recovery should not stand in the way of enforcement of rights and the development of copyright law, the Court should affirm the Ninth Circuit's interpretation of Section 505, giving courts discretion to award a prevailing party their full costs expended in litigation.

ARGUMENT

I. THE NINTH CIRCUIT'S INTERPRETATION OF 17 U.S.C. § 505 TO ALLOW RECOVERY OF "FULL COSTS" ADVANCES THE PURPOSES OF COPYRIGHT LAW

In interpreting the Copyright Act, the courts should take into account the policies and purposes underlying the Copyright Act, which include the incentive for authors to recoup and protect their investments in the creation of copyrightable works for the ultimate benefit of the public. This is what the Ninth Circuit did below in finding that "full costs" means exactly that: full costs.

The essential purpose of copyright law in the United States is reflected in the Constitution's grant of authority to Congress, "[t]o promote the Progress of Science and useful Arts." U.S. CONST. art. I, § 8, cl. 8. In examining copyright laws, the Court has often recognized the importance of interpreting the Copyright Act to further this purpose. *See, e.g.*, *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1986–87 (2016); *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 526–27 (1994); *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 349–50 (1991); *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 428–29 (1984); *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 155–56 (1975).

Interpreting the law in light of the purposes of the Copyright Act both rewards creators and serves the public interest. As the Court in *Twentieth Century Music. Corp. v. Aiken* stated, "[t]he immediate effect of our copyright law is to secure a fair return for an 'author's' creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good." 422 U.S. at 156. Likewise, in *Fogerty v. Fantasy, Inc.*, when the Court first examined 17 U.S.C. § 505—the statutory provision at issue in this case—the Court explained that "copyright law ultimately serves the purpose of enriching the general public through access to creative works." 510 U.S. 517 at 527.

This Court has recognized the symbiotic relationship between incentives to create and the ultimate public benefit. In each of these seminal cases, as well as the other examples cited above, the Court interpreted copyright law in light of Congress's ultimate goals and considered whether the underlying purposes are best served by the proposed interpretations before the Court. *See* Shyamkrishna Balganesh & Gideon Parchomovsky, *Equity's Unstated Domain: The Role of Equity in Shaping Copyright Law*, 163 U. PA. L. REV. 1859, 1872–82 (2015) ("In area after area of substantive copyright jurisprudence, we find the Court relying on copyright's core goals to glean meaning from otherwise plain statutory language."). In recognizing the complexity of the policies served by copyright law, *Fogerty*, 510 U.S. at 526, the Court unwaveringly has given due consideration to the underlying purpose enshrined in the Constitution that ensures that authors are incentivized to create works for the ultimate promotion of "the progress of science and useful arts." The Court should follow the same approach as this Court has done in the past and give credence to the concept that the rights of authors should be secured for the time period granted in the Copyright Act. If this Court does so, it will recognize that a copyright that cannot effectively be enforced is no incentive at all and, accordingly, will affirm.

A. Awards of "Full Costs" in Copyright Cases Have a Long History in the Law.

Section 505 of the Copyright Act provides that a "court in its discretion may allow the recovery of full costs by or against any party . . . ." 17 U.S.C. § 505. The Section also provides that a court may "award a reasonable attorney's fee to the prevailing party as part of the costs." *Id.* The term "full costs" stems from prior iterations of the Copyright Act, which also authorized recovery of "full costs." *See* 1831 Act, ch. 16, § 12, 4 Stat. 436, 438–39 ("[I]n all recoveries under this act, either for damages, forfeitures, or penalties, full costs shall be allowed thereon . . . ."); Act of Mar. 4, 1909, ch. 320, § 40, 35 Stat. 1075, 1084 ("That in all actions, suits, or proceedings under this Act . . . full costs shall be allowed, and the court may award to the prevailing party a reasonable attorney's fee as part of the costs."); *see also* WILLIAM F. PATRY, 6 PATRY ON COPYRIGHT § 22:221, Westlaw (section updated Nov. 27, 2018) (detailing the statutory history and stating that "copyright laws have always allowed 'full costs'"). However, unlike the current version of the Copyright Act, the award of "full costs" was not always discretionary.

Prior to 1976, the award of "full costs" to a prevailing party in a copyright action was mandatory, whereas an award of reasonable attorney's fees was left to the Court's discretion. *See* 35 Stat. at 1084. Noting that "the discretionary

power of the courts is generally regarded as salutary," the Register of Copyrights recommended that Congress amend the provision to give courts discretionary power over an award of costs as well. *See* REGISTER OF COPYRIGHTS, 87TH CONG., COPYRIGHT LAW REVISION: REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 74, 109 (Comm. Print. 1961) [hereinafter REGISTER OF COPYRIGHTS, REPORT]. Congress acquiesced and amended the provision in the Copyright Act of 1976 to give courts discretionary power over an award of costs and attorney's fees. *See* H.R. Rep. No. 94-1476, at 163 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5779 (explaining that "[u]nder section 505 the awarding of costs and attorney's fees are left to the court's discretion"); S. Rep. No. 94-473, at 30 (1975) (same).

Courts, which are best situated to evaluate the individual costs of each case, have often exercised their discretionary power pursuant to Section 505 to decide whether a prevailing party should recover their "full costs" and what those costs entail based on the circumstances of the case, just as they have determined equitable awards. *See, e.g.*, *Wyatt Tech. Corp. v. Malvern Instruments, Inc.*, No. CV 07-8298 ABC (RZX), 2010 WL 11404472, at *1–4 (C.D. Cal. June 17, 2010) (awarding a variety of "reasonable" costs under 17 U.S.C. § 505, including costs for computerized research, photocopying and document processing, messenger and delivery, travel and

depositions, telephone chargers, and mediator and expert witness fees), *aff'd*, 526 F. App'x 761 (9th Cir. 2013); *cf.* Jeffrey Edward Barnes, *Attorney's Fee Awards in Federal Copyright Litigation After* Fogerty v. Fantasy*: Defendants Are Winning Fees More Often, but the New Standard Still Favors Prevailing Plaintiffs*, 47 UCLA L. REV. 1381, 1398 (2000); Daniel E. Wanat & Charles D. Bullock, *Copyright Infringement Litigation: Section 505 of the Copyright Act Accords "Evenhanded" Treatment to a Prevailing Defendant on the Issue of Whether to Award an Attorney's Fee*, 25 SW. U. L. REV. 107, 126–28 (1995). However, Petitioners now complain that allowing courts to exercise their discretion to award "full costs" under Section 505 should be curtailed by arbitrary categories contained in a separate title of the U.S. Code. *See* 28 U.S.C. § 1920 (taxation of costs), § 1821 (per diem and mileage for witnesses). As briefly explained in Section I.D., *infra*, this construction of the statute is improper and is not supported by the underlying purposes of the Copyright Act. *See* SHAMBIE SINGER, 2A SUTHERLAND STATUTORY CONSTRUCTION § 46:5 (7th ed. 2018). Nor, as detailed herein, does such a limitation fit within the goals and policies of the copyright laws.

B. Allowing Recovery of "Full Costs" Encourages Parties to Invest in Meritorious Claims That Protect Creators' Rights and Advance the Goals of Copyright Law.

Without assurances that full costs may be available to a creator of innovative and expressive works, a creator who seeks to enforce her rights ultimately may erase the very economic gains created in the Copyright Act. If the creator finds herself having to spend thousands or millions of dollars in costs that can never be recouped, the incentives in the Act are diminished, and, in turn, the works created for the general public good will decrease. This is especially so for the millions of individual creators and small businesses who cannot shoulder non-taxable costs.

As many scholars have pointed out, copyright litigation comes with a high price tag. *See, e.g.*, Sandra M. Aistars, *Ensuring Only Good Claims Come in Small Packages: A Response to Scholarly Concerns About a Proposed Small Copyright Claims Tribunal*, 26 GEO. MASON L. REV. (forthcoming 2018) (manuscript at 5) (on file with authors); Virginia Knapp Dorell, *Picturing A Remedy for Small Claims of Copyright Infringement*, 65 ADMIN. L. REV. 449, 450–52 (2013); Anthony Ciolli, *Lowering the Stakes: Toward A Model of Effective Copyright Dispute Resolution*, 110 W. VA. L. REV. 999, 1001–06 (2008);

Stephen P. Anway, *Mediation in Copyright Disputes: From Compromise Created Incentives to Incentive Created Compromises*, 18 OHIO ST. J. DISP. RESOL. 439, 449 (2003); *see also* REGISTER OF COPYRIGHTS, COPYRIGHT SMALL CLAIMS 8, 24–26 (2013). According to the American Intellectual Property Association's ("AIPLA") most recent Report of the Economic Survey, the median cost of litigating a copyright infringement lawsuit, inclusive of all costs for pre- and post-trial, including an appeal when applicable, is in excess of $200,000 (if less than $1 million is at risk). AM. INTELLECTUAL PROP. LAW ASS'N, REPORT OF THE ECONOMIC SURVEY 2017 at 44 (2017).[2]

For the millions of individual creators and small business throughout the United States, being able to recoup their costs in litigation may be the deciding factor in whether or not they can commence a case and enforce their rights. This concern is especially critical in cases in which creators are seeking only injunctive relief and are not expecting to recover any monetary damages that might offset some of the costs. Injunctive relief is critical in copyright cases, especially where recoverable damages are limited or otherwise will not adequately protect a creator's

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[2] That number increases to $388,000 (if $1 million to $10 is at risk), $600,000 (if $10 million to $25 million at risk), and $1 million (if more than $25 million at risk). AM. INTELLECTUAL PROP. LAW ASS'N, *supra*.

rights, or where infringement has gone "viral" and injunctive relief is the only remedy to stem the harm to the creator's rights.

Furthermore, preliminary injunctive relief often necessitates the use of expedited discovery, experts who can testify on irreparable harm, and substantive interpretation on points relating to the merits, all of which impose additional costs. *See* 4 MELVIN B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 14.06[A][6][a]–[b] (Matthew Bender rev. ed. 2013); 6 NIMMER, *supra*, § 35.02; *Initial Discovery Considerations*, *in* COPYRIGHT LITIGATION HANDBOOK § 14:1 (2d ed. 2018).

Taken together, all of these costs and considerations present a significant obstacle to litigation, especially when there is no monetary recovery to help offset the costs the creator would need to spend to litigate the case through to judgment. When a copyright owner is facing the difficult dilemma of deciding whether to share his creation with the public, and thereby risk not being able to protect that creation or enforce his rights through litigation, the creator may decide to keep the creation private in order to avoid litigation, or decide not to create at all.

Accordingly, discouraging copyright owners from enforcing and protecting their rights through litigation undercuts the policy of incentivizing the creation of and investment in valuable copyrightable

expressive works. Preventing recovery of "full costs" under Section 505 would do just that; whereas, on the other hand, allowing recovery of "full costs" enables copyright owners to have a chance to offset the high threshold costs of litigating a case, so that they may maintain the value of their creative investments by enforcing their rights through litigation. This policy would thereby serve the public good by encouraging copyright owners to continue to create without concern that they would not be able to protect the investment in their work. Thus, consistent with the underlying purposes of copyright law—to encourage creators to create for the public good and to reward those creators who do—copyright owners should be incentivized to use copyright litigation to enforce and protect their rights.

Beyond the reasons discussed above, encouraging parties to bring meritorious claims, and to defend against unmeritorious copyright claims, is central to the policy goals of copyright law. The Supreme Court has repeatedly acknowledged the role fee awards plays in advancing this purpose. The *Kirtsaeng* Court, in addressing the underlying policies in considering attorney's fee awards under the Copyright Act, found that Section 505 "achieves that end by striking a balance between two subsidiary aims: encouraging and rewarding authors' creations while also enabling others to build on that work." 136 S. Ct. at 1986. Thus, the Court concluded, "fee awards under Section 505 should

encourage the types of lawsuits that promote those purposes," *i.e.*, "useful copyright litigation." *Id.*

The Ninth Circuit's interpretation of "full costs" in Section 505 advances the purposes of the Copyright Act for the same reasons that the *Kirtsaeng* Court found Wiley's objective-reasonableness approach to awarding attorney's fees "passes that test." *Id.* In *Kirtsaeng*, the Court held that Wiley's approach, in which courts give "substantial weight" to the "objective reasonableness" of a party's infringement claim in deciding whether to shift attorney's fees, advances the Copyright Act's goals "because it both encourages parties with strong legal positions to stand on their rights and deters those with weak ones from proceeding with litigation." *Id.* The policy is equally applicable here. Allowing a prevailing party to recover the "full costs" expended in litigation, pursuant to Section 505, advances the same objectives by encouraging "useful copyright litigation." *Id.* Indeed, as in *Kirtsaeng*, when a litigant has a meritorious claim or defense, the likelihood that he will recover "full costs" from the opposing party gives him an incentive to litigate the case all the way to end. *Id.* Conversely, when the opposing party does not have a meritorious claim or defense, he is more likely to settle quickly before each side's litigation costs mount. *Id.* at 1987. As the *Kirtsaeng* Court observed, such "results promote the Copyright Act's purposes, by enhancing the

probability that both creators and users (i.e., potential plaintiffs and defendants) will enjoy the substantive rights the statute provides." *Id.*

Two decades earlier, the Court made similar findings, tied closely to the purposes of the Copyright Act. In *Fogerty*, in which the Court established several principles and criteria to guide courts' discretionary decisions on awards under Section 505, the Court stressed the importance of meritorious litigation for furthering the policies of the Copyright Act. *See* 510 U.S. at 527. Notably, the Court emphasized that courts should not treat prevailing plaintiffs or defendants any differently when exercising their discretion under Section 505, as "a successful defense of a copyright infringement action may further the policies of the Copyright Act every bit as much as a successful prosecution of an infringement claim by the holder of a copyright." *Id.* Such meritorious litigation, whether pursued by a plaintiff or defendant, serves copyright law's ultimate purposes of "enriching the general public through access to creative works" by demarcating the boundaries of copyright law as clearly as possible. *Id.*

Following the reasoning in *Fogerty*, allowing recovery of "full costs" under Section 505 promotes meritorious litigation, and thereby aids in the clear demarcation of boundaries in copyright law, by encouraging parties to fully pursue the claims and

defenses that they believe have merit and will be successful. If parties anticipate that they will be able to recoup the high costs they expend in thoroughly litigating a successful case, they are more likely to commence the case, or initiate the defense, in the first place. This furthers the goals of the Act.

In addition to the reasons specified in *Kirtsaeng* and *Fogerty*, as a matter of policy, the Court should not adopt a construction of Section 505 that would limit the recovery of a party seeking to advance our understanding of copyright law and expand precedent. Both plaintiffs who bring meritorious claims that advance the purposes of the Copyright Act, and defendants who want to defend on reasonable grounds, should be compensated for undertaking such efforts. In either situation, it would further the purposes of copyright law for the party to see a meritorious case through, rather than hesitate to litigate on their own dime.

C. Making Full Costs Available to Parties in the Digital Age Is More Important Than Ever.

In addition to encouraging parties to litigate meritorious claims, allowing recovery of "full costs" under Section 505 also promotes the full and fair adjudication of cases. Just as the *Kirtsaeng* Court recognized the importance of "useful copyright litigation," 136 S.Ct. at 1986, the Court in *Fogerty* stressed that, in order to advance the ultimate

purpose of copyright of "enriching the general public through access to creative works, it is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible." 510 U.S. at 527.

Copyright cases are unique and require special treatment for several reasons. Unlike most run-of-the-mill litigation, such as cases involving business torts or contract claims, copyright cases often involve specialized or technical issues, particularly in an ever-evolving landscape. Moreover, while music and software cases have always involved experts, the ease of infringement of creative works in the digital age means more copyright cases involving the protection for, or infringement using, software and other technological means. Oftentimes, in such cases, specialized experts are required to address key and novel issues, such as the extent to which a work contains protectable expression, the nature and scope of a violation of rights via digital means, the market harm caused by a new use, or other elements necessary to prove the claim.

For example, in *Fox News Network, LLC v. TVEyes, Inc.*, in which the Second Circuit considered whether TVEyes' service that allows its clients to watch Fox's programming was fair use, the court's consideration of market harm, and the expert testimony on same, weighed heavily in favor of its finding that TVEyes overstepped the boundaries of fair use. *See* 883 F.3d 169, 179 (2d Cir. 2018), *cert.*

denied, No. 18-321, 2018 WL 4385773 (U.S. Dec. 3, 2018); *see also* Rachel Kim, ***Exploring the Bounds of Fair Use: Fox News v. TVEyes***, COPYRIGHT ALLIANCE (Feb. 28, 2018), https://copyrightalliance.org/ca_post/fair-use-fox-news-v-tveyes/. As the Court has recognized, market harm is "undoubtedly the single most important element of fair use." *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 (1985). Thus, in such cases where the party's evidence on market harm will tip the balance for or against fair use, expert testimony on that element becomes a necessity for a full and fair adjudication of the case.

Williams v. Gaye, a Ninth Circuit case involving a request for a declaration of non-infringement over the Robin Thicke and Pharrell Williams song "Blurred Lines," presents another example of the importance of expert testimony. There, the testimony from each of the parties' musicology experts, who disagreed sharply in their opinions, spanned several days, and formed the basis for the finding of substantial similarity finding, which the Ninth Circuit affirmed. *See* 895 F.3d 1106, 1117, 1125–27 (9th Cir. 2018). In doing so, the Ninth Circuit emphasized the importance of expert testimony to satisfy the extrinsic test for substantial similarity. *See id.* at 1120. This instance illustrates that, in complex music cases such as *Williams*, the lack of expert testimony could severely frustrate the full adjudication of the case and make it more

difficult for either the judge or jury to reach the correct decision without the benefit of the expert's helpful insight and guidance.

Each of the issues in the two examples described above went to the heart of the case. These cases demonstrate how vital expert testimony can be to the outcome of a lawsuit. However, these experts do not come cheap; they often work independently and rarely, if ever, work on a pro bono basis. For example, a recent survey estimated that the average fee for an expert witness is at $513/hour for trial testimony, $483/hour for deposition testimony, and $383/hour for trial review and case preparation. *See* SEAK INC., 2017 SEAK, INC. SURVEY OF EXPERT WITNESS FEES 1 (2017). Experts in copyright cases may command even higher fees for their specialized knowledge.[3] *Cf.* William H. Wright, *Litigation As A Mechanism for Inefficiency in Software Copyright Law*, 39 UCLA L. REV. 397, 426 (1991) (concluding that the "requirements for sophisticated expert assistance are likely to increase the costs of copyright litigation substantially").

As a result, a party's financial ability to hire one or several of these experts may make the difference

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[3] For example, one member of the Copyright Alliance, who works as an expert, observed that experts in copyright cases typically charge between $400 and $650 per hour, depending on the depth and scope of experience, as well as the scarcity of that particular expert's experience.

between winning and losing its case. Yet, if the party is barred from recouping its expert costs when it prevails, as proposed under Petitioners' limited construction of the statute, the party likely will be unable to engage the expert in the first place, thereby crippling its chances of overall success and putting an incomplete case before the court that may decide the outcome.

This result runs directly contrary to the Court's findings in *Kirtsaeng* and *Fogerty*. *See Kirtsaeng*, 136 S.Ct. at 1986 (finding the promotion of useful copyright litigation advances the purposes of copyright law); *Fogerty*, 510 U.S. at 527 ("[I]t is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible."). Thus, as a matter of policy, unjustified financial exclusions should not prevent parties—whether plaintiff or defendant—from fully and fairly litigating their copyright claims and defenses.

D. The Statute Is Clear and Supports an Award of Full Costs.

In addition to the numerous policy reasons that necessitate that the Court uphold the Ninth Circuit's interpretation, as Respondents argue in their brief, the statute itself dictates a finding that "full costs" means just that—"full costs" expended in litigation. Indeed, as a leading copyright scholar has explained in his treatise, the use of the word "'full in Section 505 means exactly what most people would think:

the prevailing party may, in the court's discretion, recover 100% of its costs, taxable and nontaxable." PATRY, *supra*.

At least one of Petitioners' *amici* has argued that Section 505 should be interpreted differently, such as using an alternative method like corpus linguistics. However, this *amicus* overlooks the well-known canons of statutory interpretation that this Court has employed for decades. *See generally* Linda Jellum, *The Linear Approach to Statutory Interpretation*, AM. BAR ASS'N (2018), https://www.americanbar.org/content/dam/aba/events/administrative_law/2018meetings/04/Statutory%20Interpretation%202018.pdf. An analysis of the statute under these canons would achieve the same result reached by the Ninth Circuit.

Focusing first on the text, the Court should interpret the statute based on the "ordinary, contemporary, common meaning." *Wisconsin Cent. Ltd. v. United States*, 138 S. Ct. 2067, 2074 (2018). In this exercise, the Court may consider dictionary definitions and common usage. *See, e.g., id.*; *Taniguchi v. Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 566–69 (2012); *see also Looking It Up: Dictionaries and Statutory Interpretation*, 107 HARV. L. REV. 1437, 1440 (1994). If ambiguous, the Court would then look to intrinsic sources within the title and the Copyright Act and apply relevant linguistic canons. *See, e.g., Roberts v. Sea-Land Servs., Inc.*, 566 U.S.

93, 101, (2012); *see also* SINGER, *supra*, § 46:5, § 47:1. The Court may also look to Congress' specific intent in enacting the statute, and the legislature's overall general purpose for enactment. *See* SINGER, *supra*, § 48:1.

Here, Section 505 states in clear and precise language that, "[i]n any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party . . . ." 17 U.S.C. § 505. Congress did not define "full costs" in the Copyright Act, or accord it special meaning, so the Court should follow the plain meaning of the term. *See* 17 U.S.C. § 101. Under numerous dictionary definitions, "full" means "complete." *See Full*, MERRIAM-WEBSTER.COM, https://www.merriam-webster.com/dictionary/full (last visited Dec. 5, 2018); *Full*, DICTIONARY.COM, https://www.dictionary.com/browse/full (last visited Dec. 5, 2018); *Full*, OXFORD LIVING DICTIONARIES, https://en.oxforddictionaries.com/definition/full (last visited Dec. 5, 2018). Also, as the Court noted in *Fogerty*, the use of the "word 'may' clearly connotes discretion." 510 U.S. at 533. Thus, the use of the words "full costs," with the direction that the Court should use its discretion and may include reasonable attorney's fees, supports an award of the full costs expended in litigating the case brought under the title—not "some" costs, based on the few, limited categories delineated in a separate statute, in an

entirely separate title. *Compare* 17 U.S.C. § 505, *with* 28 U.S.C. §§ 1920, 1821.

Section 505 continues, stating that except as otherwise provided by title 17 of the U.S. Code, the court may also include an award of reasonable attorney's fees in the costs. § 505. In this provision, Congress is offering a direction to the court, suggesting that it may include attorney's fees in "full costs." *Id.* Aside from this direction, the statute does not direct courts to look to any other titles of the U.S. Code or otherwise impose any other limitations on what may be included in the cost award. *See id.*; *see also* SINGER, *supra*. Nor could Congress have thought that, in giving the prevailing party attorney's fees, that party could still have to bear the other expenses. Effectively, a prevailing party could win big, yet still lose.

Even if the Court were to find that "full costs," as stated in Section 505, is ambiguous, there is nothing in the section, surrounding sections, or legislative history of the Copyright Act, to suggest that "full costs" in Section 505 meant less than "full costs" expended in litigation. *See generally* H.R. Rep. No. 94-1476; S. Rep. No. 94-473; REGISTER OF COPYRIGHTS, REPORT, *supra*. Section 911 of the same title reiterates that "the court in its discretion may allow the recovery of full costs, including reasonable attorneys' fees, to the prevailing party." 17 U.S.C. § 911. In the legislative history, Congress was clear

that it amended the statute to provide courts with discretion. *See* H.R. Rep. No. 94-1476, at 163; S. Rep. No. 94-473, at 30. "Full costs" is thus the ceiling, not the floor, and Congress' use of this term implied that the discretion lies solely with the courts. *See* H.R. Rep. No. 94-1476, at 163; S. Rep. No. 94-473, at 30.

The Court's prior precedent also dictates that the Court interpret the statute with the basic purpose of copyright law in mind when literal terms are rendered ambiguous. *Twentieth Century Music Corp.*, 422 U.S. at 156; *see Fogerty*, 510 U.S. at 543 (agreeing that certain factors may be used to guide the court's discretion under Section 505, "so long as such factors are faithful to the purposes of the Copyright Act"); *see also* Balganesh & Parchomovsky, *supra*, at 1872–82. As detailed above, the Ninth Circuit's interpretation advances numerous purposes of copyright law, including incentivizing copyright owners to protect their rights through litigation, encouraging parties to bring meritorious claims, and promoting the full and fair adjudication of copyright cases. There is no logical basis to impose an arbitrary prohibition on certain types of costs from an entirely separate title of the U.S. Code, especially if that interpretation would disserve the purposes of the Copyright Act.

Moreover, as William Patry observed, since 1831, "the copyright laws have always allowed 'full costs'

despite changes in other, general statutes governing costs." PATRY, *supra*. Notably, the Copyright Act of 1909 expressly provided "full costs" for all actions arising under the Act but allowed only "taxable costs" for breach of a compulsory license for mechanical reproductions of musical compositions. *Compare* 35 Stat. at 1076, *with id.* at 1084.[4] By specifically designating "full costs" and "taxable costs," Congress indicated when a party is to receive full costs expended in litigation, versus only certain costs taxable by a court. As a result, Patry observed, given the "188-year constant history of copyright

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[4] Section 1(e) of the 1909 Act provides:

> In case of the failure of such manufacturer to pay to the copyright proprietor within thirty days after demand in writing the full sum of royalties due at said rate at the date of such demand the court may award **taxable costs** to the plaintiff and a reasonable counsel fee, and the court may, in its discretion, enter judgment therein for any sum in addition over the amount found to be due as royalty in accordance with the terms of this Act, not exceeding three times such amount.

35 Stat. at 1076 (emphasis added).

Section 40 of the 1909 Act provides:

> That in all actions, suits, or proceedings under this Act, except when brought by or against the United States or any officer thereof, **full costs** shall be allowed, and the court may award to the prevailing party a reasonable attorney's fee as part of the costs.

35 Stat. at 1084 (emphasis added).

statutes permitting full costs, the most sensible interpretation of 'full' in Section 505 of the 1976 Act is the commonsense meaning of being able to recover all amounts, taxable and nontaxable alike." PATRY, *supra*.

Accordingly, for all the reasons detailed above, the Court should uphold the Ninth Circuit's interpretation of "full costs" under 17 U.S.C. § 505, and not impose an arbitrary limitation, such as those found in 28 U.S.C. § 1920 or § 1821.

II. PETITIONERS' INTERPRETATION OF THE LAW WOULD UNDERMINE COPYRIGHT POLICY AND SIGNIFICANTLY CHILL COPYRIGHT CLAIMS

In addition to all the reasons enumerated above to affirm the Ninth Circuit's interpretation of Section 505, the Court should also be aware of the serious consequences and potential for abuse that the adoption of Petitioners' construction of the statute would create.

A. Barring a Prevailing Party from Recovering Full Costs Would Discourage Copyright Litigation.

The most significant consequence of the Court's adoption of Petitioners' construction of Section 505 is the deterrent effect on copyright litigation. Prohibiting a prevailing party from recovering full

litigation costs under Section 505 would deter copyright owners from enforcing and protecting their rights through litigation, just as it would discourage defendants from thoroughly defending against claims.

As a practical matter, many individual creators cannot afford the costs that are required to successfully litigate a case. As noted above, overall litigation costs are already very high and, in addition to the high threshold costs to commence or defend against a case, parties are also faced with increased costs that have become commonplace in copyright cases. As discussed above, these costs include fees for a wide variety of expert witnesses, including specialized experts in technology, or experts required to prove key elements of a claim or defense as well as experts on damages, apportionment, and monetary relief issues.

Discovery costs have also increased significantly with the advent of the rules governing electronically stored information ("ESI"). As technology has progressed, discovery platforms have cropped up to collect, process, and produce ESI—at no small cost. For example, a recent study from the RAND Institute for Civil Justice on e-discovery costs, reviewed a variety of cases and reported that costs, per gigabyte of data, range from $125 to $6,700 for collection of ESI, $600 to $6,000 for processing of ESI, and $1,800 to $210,000 for review of ESI.

RAND INSTITUTE FOR CIVIL JUSTICE, WHERE THE MONEY GOES: UNDERSTANDING LITIGANT EXPENDITURES FOR PRODUCING ELECTRONIC DISCOVERY 28 (2012). For intellectual property cases, total expenditures for the production of ESI can range from $17,000 to over $7 million. *See id.* at 17–18. Software and cloud-based ESI platforms have become so typical that oftentimes a party may find himself at a disadvantage against his opponent if he is financially unable to use an advanced discovery system.

Without the opportunity to recover these costs, a creator may find herself effectively out of luck, even with pro bono counsel. Although lawyers and legal aid organizations have a culture of providing pro bono hours, experts and e-discovery vendors often do not work for free. Therefore, while a creator may not have to pay attorney's fees, she will still be faced with the dilemma of bearing high costs for necessary experts and ESI, or risk losing her case. Even a few thousand dollars can be a lot for an individual creator, who may be unable to afford the costs for services that could make or break his case. Any pro bono organization offering services or covering litigation costs will also be faced with the difficult choice of taking on the burdensome but necessary costs for expert witnesses and ESI—which may be too high for the organization to bear—or turning down complex or technical cases that should be litigated.

As it currently stands, many individual creators struggle to overcome the high threshold to even commence a case in federal court, which has exclusive jurisdiction over copyright claims. *See* Ciolli, *supra*. Spurred in part by the rising cost of litigation, extra-judicial forums, such as mediation, dispute resolution, and small claims boards, including the one proposed by the Copyright Alternative in Small-Claims Enforcement Act of 2017 (the "CASE Act"), have been proffered as alternatives to aid smaller creators who do not have the financial resources to enforce their rights in federal court. *See generally* John Zuercher, *Clarifying Uncertainty: Why We Need A Small Claims Copyright Court*, 21 MARQ. INTELL. PROP. L. REV. 105 (2017); Dorell, *supra*.[5] Yet, the CASE Act is only one potential alternative, with congressional approval still pending.

Without available avenues to protect and enforce their rights, individual creators will be unable to stave off infringements, thereby curtailing their rights. Such a degradation of a creator's rights is

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[5] The small claims tribunal within the Copyright Office proposed by the CASE Act would offer a streamlined process to render determinations on copyright claims, counterclaims, and defenses. *See Copyright Alternative in Small-Claims Enforcement Act of 2017: Hearing on H.R. 3945 Before the H. Comm. on Judiciary*, 115th Cong. at 2–3 (2018) (statement of Statement of Keith Kupferschmid, Chief Executive Officer, Copyright Alliance).

antithetical to the purposes of copyright law. Treating litigation costs any differently from attorney's fees cannot be reconciled with the policies underlying the Copyright Act. Under the proper interpretation of Section 505, courts should have discretion to determine the cost award based on the individual circumstances of the case and should not be limited to certain categories of costs.

While two *amici* for Petitioners have pointed out that courts exercising their discretion may lead to wide variability in awards, this argument does not weigh in favor of taking away a district court's discretion to allow a party to recoup certain necessary costs, such as those for experts and ESI, as it sees fit. Indeed, there has not been any notable academic, judicial, or legislative attention focused on widely variable cost awards in copyright litigation. Further, as with fee awards, an award of full costs is subject to appellate review. The *amici*'s fear is, thus, merely speculative and hypothetical.

Instead, the Court should use this opportunity to establish principles and criteria to guide lower court decisions on awards under Section 505, just as it did in *Fogerty*. *See* 510 U.S. at 532–34; *see also Kirtsaeng*, 136 S.Ct. at 1985 (stating that in *Fogerty*, "this Court recognized the broad leeway § 505 gives to district courts—but also established several principles and criteria to guide their decisions"). This is the preferable result, as opposed to taking

away discretion entirely. Petitioners' *amici* do not successfully argue that giving district courts discretion on fees has created unpredictability or troublingly inconsistent outcomes.

B. The Equities Should Not Favor Wrongdoers.

Another reason to reject Petitioners' interpretation is because it would create a policy that would favor wrongdoers, and increasingly so. With technological progress and the advent of "viral" copying and sharing it is now easier than ever for a creator to lose control of his intellectual property. *See* Symposium, *Session 3: To What Extent Should Libraries Be Permitted to Engage in Mass Digitization of Published Works, and for What Purposes?*, 36 COLUM. J.L. & ARTS 567, 577 (2013); Pamela Samuelson, *Digital Media and the Changing Face of Intellectual Property Law*, 16 RUTGERS COMP. & TECH. L.J. 323, 324–25 (1990). Copyright owners, especially individual creators and small businesses who can see the fruits of their labor evaporate with a few keystrokes of an infringer, will find it difficult, if not impossible, to enforce their rights if the infringer knows that the plaintiff cannot afford to bear the costs of an expert, ESI, and other costs that may not fall neatly into 28 U.S.C. § 1920. This knowledge will embolden infringers, who will be pursued in litigation only by the most well-funded copyright owners. Where copyright law is designed to

maximize the creation and legal dissemination of works to the public, this result cannot be what Congress intended.

Under Petitioners' interpretation of Section 505, copyright owners seeking to enforce their rights would be forced to bear substantial, non-recoupable costs in order to bring a case against an infringer. Adoption of this interpretation would be antithetical to the underlying goals of the copyright law by requiring copyright owners who are merely seeking to maintain and protect their rights to either stay out of court due to the high costs of litigation or dig themselves into a financial hole in order to protect their rights. Given the Court's consistent history of interpreting the law in line with the goals of the Copyright Act, there is no basis to read the Act to end up with a result that effectively takes away the incentives under the copyright law. In other words, the value of the copyright is hampered when the copyright owner must in every case bear the tax of "non-taxable" costs.

Historically, the amount of costs to award to a prevailing party has lain in the sound discretion of the district court, which is best positioned on the front line to examine the costs and burdens on both sides. Copyright policy should encourage courts to freely use this discretion in copyright cases, especially in matters involving serial infringers and wrongdoers who have engaged in unlawful conduct.

Cf. Barnes, *supra*, at 1394–97. Under Petitioners' construction of Section 505, in contrast, the equities would favor wrongdoers and prevent them from bearing the full costs of their wrongful conduct. This is a bad policy.

Additionally, Petitioners' construction of the statute upsets the balance of potential settlements by providing wrongdoers with increased bargaining power. For example, if a copyright owner commences a case but the wrongdoer escalates the costs—insisting on expert testimony and burdensome ESI, for example—the wrongdoer could potentially use his bargaining power to force a disproportionate settlement that disfavors the creator. The same could be said of bad-actor plaintiffs, who induce individuals with limited resources into accepting a heavily one-sided settlement. *See* Ciolli, *supra*, at 1004. While courts favor settlements, such inherently unfair settlements, especially in cases in which the claims or defenses are frivolous, are an abuse of the system. The wrongdoer should not be able to exercise this level of power over a copyright owner, who is merely trying to protect her rights, with impunity. Indeed, the *Fogerty* Court expressly warned against such unequal treatment between the parties. 510 U.S. at 527, 534. Such cases are exactly the type in which litigants should have full recourse for all costs expended.

It is the Ninth Circuit's ruling that falls in line with the proper policies of the Copyright Act, and which ensures that the concepts that the Court articulated in *Kirtsaeng* and *Fogerty* are upheld.

CONCLUSION

The decision of the Ninth Circuit should be affirmed.

Respectfully submitted.

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No. 17-1625

In The
Supreme Court of the United States

RIMINI STREET, INC., AND SETH RAVIN,
Petitioners,
v.
ORACLE USA INC., ORACLE AMERICA, INC., AND ORACLE INTERNATIONAL CORPORATION
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF OF *AMICUS CURIAE* PROFESSOR PATRICK T. GILLEN IN SUPPORT OF PETITIONERS

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INTEREST OF *AMICUS CURIAE*

Amicus curiae, Professor Patrick T. Gillen, is an Associate Professor of Law at Ave Maria School of Law. Professor Gillen's interest in this case stems from his work as a civil rights litigator and a scholar who has written on the history and scope of the federal cost-shifting statutes. The purpose of this brief is to demonstrate that the American Rule provides the backdrop for Congress's carefully crafted scheme governing recovery of costs in the federal system, including costs recoverable under the Copyright Act.*

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* No counsel for a party authored this brief in whole or in part, and no person other than amicus curiae made a monetary contribution to fund its preparation or submission. Counsel for all parties have blanket consented to the filing of amicus briefs.

SUMMARY OF ARGUMENT

To resolve what types of costs a district court may award under § 505 of the Copyright Act, this Court's decision in *Crawford Fitting* prescribes a simple test: does the Act *explicitly* authorize shifting of expert fees, discovery expenses, or any other item of nontaxable expense? *See Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437, 445 (1987). Because the answer is clearly no, federal courts in copyright cases "are bound by the limitations set out in 28 U.S.C. § 1821 and § 1920." *Id.*

On its surface, the Court's *Crawford Fitting* decision was an exercise in statutory interpretation. "As always," the Court explained, "[w]here there is no *clear* intention otherwise, a specific statute will not be controlled or nullified by a general one, regardless of the priority of enactment." *Id.* (citation omitted). Thus, applying the tools of statutory analysis, the Court held that Article III courts are not "empowered to exceed the limitations explicitly set out in §§ 1920 and 1821 without plain evidence of congressional intent to supersede those sections." *Id.*

As this brief explains, *Crawford Fitting*'s clear-statement requirement also rests upon another, more fundamental basis: the "American Rule." The American Rule is a presumption—followed by American courts from the earliest days of our Republic—that litigants bear their own fees and expenses except for a small set of relatively minor costs incident to the judgment. Early courts rejected England's "loser pays" preference in favor of the American Rule to

ensure the courts would be open to all citizens, including those of modest means. *See, e.g.*, *Arcambel v. Wiseman*, 3 U.S. (3 Dall.) 306, 306 (1796) (per curiam) (recognizing that the "general practice of the United States is in opposition to" shifting attorneys' fees to the losing party); *Potts v. Imlay*, 4 N.J.L. 330, 332 (1816) (recognizing that the legislature "wisely" limited the litigation expenses a prevailing party may recover to a small subset of "all his necessary expenses, both of time and money," to ensure that "[t]he courts of law are open to every citizen"). Even more fundamentally, early courts recognized that it is the legislature's job to set policy and the courts' job to apply the law.

The American Rule developed in these early decisions provided the backdrop for two centuries of interplay between Congress and the courts, resulting in a carefully calibrated system in which Congress has defined and limited the types and amounts of costs that prevailing parties may recover. *See generally* Patrick T. Gillen, *Oppressive Taxation: Abuse of Rule 54 and Section 1920 Threatens Justice*, 58 Wayne L. Rev. 235 (2012) (detailing the scheme for cost recovery contained in the Federal Rules of Civil Procedure and related statutes). Over the years, Congress has on occasion made the policy choice to depart from the American Rule's default by authorizing courts in particular statutes to shift the prevailing party's attorneys' fees, expert fees, or other nontaxable expenses to the loser—but it is Congress's job to do so, and to do so explicitly.

Consequently, the American Rule provides the broader context needed to resolve this case. Aside from allowing courts to award a "reasonable attorney's fee," Congress has not explicitly authorized courts to award any item of nontaxable expense in copyright cases. 17 U.S.C. § 505. Section 505's bare reference to "full costs" does not authorize a radical departure from the American Rule, or from the carefully crafted exceptions to that rule embodied in the federal costs statutes, for the simple reason that Congress does not "hide elephants in mouseholes." *Cyan, Inc. v. Beaver Cty. Emps. Ret. Fund*, 138 S. Ct. 1061, 1071 (2018) (citation omitted). Worse still, the Ninth Circuit's misuse of § 505 to tax millions of dollars in expert fees, consultant fees, and e-discovery costs threatens access to federal courts. The decision below is wrong as a matter of law and policy.

ARGUMENT

I. Under the longstanding American Rule, litigants presumptively bear their own legal fees and expenses.

Since the beginning of the Republic, this Court has recognized what is now known as the "American Rule." The rule provides that a prevailing litigant ordinarily may not collect attorneys' fees and nontaxable expenses from the loser unless Congress explicitly says so.

In England, costs were not allowed at common law. *Alyeska Pipeline Serv. Co. v. Wilderness Soc'y*, 421 U.S. 240, 247 (1975). But from as early as the 13th century, a series of English statutes have expressed Parliament's decided preference for shifting litigation expenses, including attorneys' fees, to the losing party. *Id.* at 247 & n.18. This "loser pays" preference is known as the "English Rule."

In America, Congress and the courts diverged from English practice. Shortly after ratification of the Constitution, Congress authorized federal courts in most cases to follow the cost- and fee-shifting practices of the forum state. *Id.* at 247-48 & n.19; *see, e.g.*, Act of Mar. 1, 1793, ch. 20, § 4, 1 Stat. 333 (providing that "there be allowed and taxed in the [federal courts], in favour of the parties obtaining judgments therein, such compensation for their travel and attendance, and for attornies and counsellors' fees, except in the district courts in cases of admiralty and maritime jurisdiction, as are allowed in the supreme or superior courts of the respective states"). But those early statutes were short lived. By 1800, they had all "either expired or been repealed." *Alyeska*, 421 U.S. at 249.

Against this backdrop of on-again, off-again legislation, this Court first recognized the American Rule in 1796. Reversing "a charge of 1600 dollars for counsel's fees" awarded to the prevailing party, this Court explained:

> We do not think that this charge ought to be allowed. The general practice of the United States is in opposition to it; and

> even if that practice were not strictly correct in principle, it is entitled to the respect of the court, till it is changed, or modified, by statute.

Arcambel v. Wiseman, 3 U.S. (3 Dall.) 306, 306 (1796) (per curiam); *accord Stimpson v. The Railroads*, 23 F. Cas. 103, 104-05 (1847) (No. 13,456) (citing *Arcambel* to show that "the best authority" supports the rule that a "defendant's delinquency" is not "measured by the expenses of the plaintiff in prosecuting the suit"); *Whittemore v. Cutter*, 29 F. Cas. 1120, 1123 (C.C.D. Mass. 1813) (No. 17,600) (citing *Arcambel* as authority that "the extraordinary expenses of vindicating the right of the plaintiffs, such as counsel fees and expenses of witnesses beyond the taxable costs, ought" not be awarded). And ever since, "[t]his Court has consistently adhered to that early holding." *Alyeska*, 421 U.S. at 250 (citing cases).

More than fifty years later, Congress reinforced and standardized the American practice recognized in *Arcambel* by passing the 1853 Fee Act—a "far-reaching Act specifying in detail the nature and amount of the taxable items of cost in the federal courts." *Id.* at 251-52. For example, the Act allowed the prevailing party to recover $5 to $20 for the proctor's docket fee, $2.50 for each deposition admitted into evidence, $5 for cases appealed to the circuit court, and fees for "exemplifications and copies of papers necessarily obtained for use on trial." Act of Feb. 26, 1853, ch. 80, 10 Stat. 161-162, 168.

The 1853 Act replaced the prevailing system in which, lacking any direction from Congress, federal courts had continued to borrow home state rules for awarding costs. *Alyeska*, 421 U.S. at 250. As Senator Bradbury noted in urging adoption of the Act, "[t]here [we]re no two States where the allowance [wa]s the same." *Id.* at 251 n.24 (quoting Cong. Globe, 32d Cong., 2d Sess. app. 207 (1853)). As a result, "[o]ne system prevail[ed] in one district, and a totally different one in another." *Id.* (citation omitted). In some States, little or no fees were taxable to the losing party. *Id.* (citation omitted). In other States, the fees "swelled to an amount exceedingly oppressive to suitors" and "altogether disproportionate to ... the labor bestowed." *Id.* (citation omitted). The Act put a stop to this disparate state-by-state approach by streamlining the taxation of fees and "prescribing a limited number of definite items to be allowed." *Id.* (citation omitted).

Congress's intent to limit taxable costs and fees was then, in turn, "repeatedly enforced by this Court." *Id.* at 253. In one early case, for example, the Court set aside a $500 allowance for counsel's fees, reasoning that "[f]ees and cost ... are now regulated by the act of the 26th of February, 1853," which provides that "the following and no other compensation shall be allowed." *The Baltimore*, 75 U.S. (8 Wall.) 377, 392 (1869); *see also Alyeska*, 421 U.S. at 253-55 (citing additional examples).

Over the years, the Fee Act has been amended and recodified "without any apparent intent to change the controlling rules," and now finds its home in 28

U.S.C. § 1920 and related statutes. *See Alyeska*, 421 U.S. at 255-57 & nn.26-29. *See generally* Gillen, *supra*, at 253-56 (detailing how the federal costs statute evolved from 1853 to the present). Like their 1853 forebear, these present-day cost statutes limit taxable costs to a narrowly defined list of expenses such "as clerk fees, court reporter fees, expenses for printing and witnesses, expenses for exemplification and copies, docket fees, and compensation of court-appointed experts." *Taniguchi v. Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 573 (2012).

Thus, consistent with the American Rule, Congress has for more than a century and a half limited taxable costs to "relatively minor, incidental expenses" that are often "a fraction of the nontaxable expenses borne by litigants for attorneys, experts, consultants, and investigators." *Id.*

II. The American Rule grew out of judicial reluctance to chill good-faith litigation without direction from Congress.

Early American courts rejected the English Rule for many reasons, but a few dominant reasons emerged. *See* Peter Karsten & Oliver Bateman, *Detecting Good Public Policy Rationales for the American Rule: A Response to the Ill-Conceived Calls for "Loser Pays" Rules*, 66 Duke L.J. 729, 737-48 (2016). Some judges expressed concerns that a "loser pays" rule would limit the ability of those who are less wealthy to advance meritorious claims for fear of ruinous liability if they lost. Others worried that by expanding the concept of damages or writing new categories of costs into the cost statutes, courts

usurped Congress's role. Fundamentally, judges believed the English Rule was inconsistent with American principles and institutions.

As already mentioned, this Court touched off the discussion in 1796 when it rejected a prevailing party's argument that attorneys' fees "might fairly be included under the idea of damages." *Arcambel v. Wiseman*, 3 U.S. (3 Dall.) 306, 306 (1796) (per curiam). After noting that "[t]he general practice of the United States is in opposition to it," the Court recognized that reversing the traditional approach would be up to Congress, not the Court. *Id.* "[E]ven if that practice were not strictly correct," the Court explained, "it is entitled to the respect of the court, till it is changed, or modified, *by statute*." *Id.* (emphasis added).

Over the course of the 19th century, state and federal courts continued to develop the rule first articulated by this Court. Twenty years after *Arcambel*, the New Jersey Supreme Court of Judicature reversed a verdict awarding $50 to the plaintiff to compensate him for the defendant's "malicious prosecution" of two small causes. *Potts v. Imlay*, 4 N.J.L. 330, 331 (1816). According to Chief Justice Kirkpatrick, the lower court had overstepped its role: "If we were legislators, indeed, perhaps we should be inclined to say that the costs, in all cases where costs are given, should completely indemnify the party for all his necessary expenses, both of time and money." *Id.* at 332. But "in this state," he added, "those to whom this high trust is committed ... have wisely thought otherwise." *Id.* Unlike in England, where courts have discretion to award fees and

expenses based on "the circumstances of the case," "[t]he courts of law [in America] are open to every citizen," and the costs "fixed by statute" are "the only penalty the law has given against a plaintiff for [unsuccessfully] prosecuting a suit in a court of justice." *Id.*

In 1847, Circuit Justice Grier reversed a jury verdict premised on an instruction that permitted the jury, "if they saw fit," to "allow the plaintiff as part of his actual damages any expenditures for counsel fees or other charges which were necessarily incurred to vindicate the rights derived under his patent and are not taxable in the bill of costs." *Stimpson v. The Railroads*, 23 F. Cas. 103, 103-04 (1847). In language mirroring *Crawford Fitting*'s clear-statement rule, Justice Grier reasoned that "[t]here is certainly nothing in the [patent statute], or in the phrase 'actual damages,' which it uses, to countenance the doctrine" of allowing the plaintiff to recover attorneys' fees and nontaxable expenses. *Id.* at 104. If allowed, the alleged infringer would "truly be said to be ... at the mercy both of court and jury." *Id.* Awarding costs beyond those set by law would, in short, "work inequality and injustice." *Id.* at 105.

The next year, the Pennsylvania Supreme Court rejected a similar instruction allowing the jury to award not only "nominal damages" (for the disruption of the plaintiff's mill caused by the defendant's dam) but also "damages sufficient to compensate the plaintiff for ... the trouble and expense of establishing his right." *Good v. Mylin*, 8 Pa. 51, 52-53 (1848). "No lawsuit," the court explained, "is

prosecuted without trouble and expense; and were compensation for these recoverable, ... the claim would be a standing dish." *Id.* at 56. Giving the trier of fact unfettered discretion to make "every successful plaintiff" entirely "whole" would "be without bound or limit" and would be "contrary to the genius of the common law, which does not give even costs." *Id.* at 55-56.

Invoking similar concerns, the Massachusetts Supreme Judicial Court disallowed a jury's award of $350 in attorneys' fees to the prevailing party. *Reggio v. Braggiotti*, 61 Mass. (7 Cush.) 166, 168 (1851). The fees, the court wrote, were "incurred by the party for his own satisfaction." *Id.* at 170. The court thus concluded "that it would be dangerous to permit [the prevailing party] to impose such a charge upon an opponent," contrary to the law, which "measures the expenses incurred in the management of a suit by the taxable costs." *Id.*

The Louisiana Supreme Court reached the same conclusion. Reversing a verdict awarding the defendant $150 for expenses and time "in preparing his defence," Chief Justice Merrick explained:

> It is desirable that the courts of justice should be open to all men, and that suitors should not be deterred from pursuing their rights through fear that they should be compelled to pay for the loss of time of their adversary, nor from using, in good faith, the process of the court and the means of redress

> prescribed by law, through apprehensions that they should be [liable for] vindictive damages, if from any unforeseen cause, they should fail in their action.

Osborn v. Moore, 12 La. Ann. 714, 714 (1857); *accord Burruss v. Hines*, 26 S.E. 875, 878 (Va. 1897) ("Where parties in good faith differ as to their rights, and resort to law to settle their differences, the law has prescribed what costs should be taxed, and what shall be therein included as the fee of the winning party. In such case no greater fee should be allowed to be proved or recovered.").

Courts in the 20th century continued to develop the same themes. The Arizona Supreme Court, for example, reaffirmed that "the law does not desire to throw around the right of a party to appeal to the courts such risks that a fear of the result might deter him from asserting a claim in which he has an honest belief." *Ackerman v. Kaufman*, 15 P.2d 966, 967 (Ariz. 1932). Courts have power to award only "the very meager costs allowed" by statute, the court explained, because "the honest plaintiff should not be frightened from asking the aid of the law by the fear of an extremely heavy bill of costs against him should he lose." *Id.*

This Court continued to uphold the American Rule for the same reasons, concluding that "one should not be penalized for merely defending or prosecuting a lawsuit." *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 718 (1967).

Without the American Rule, the Court explained, "the poor might be unjustly discouraged from instituting actions to vindicate their rights if the penalty for losing included the fees of their opponents' counsel." *Id.*

This long line of state and federal decisions explains why the American Rule is the American Rule. Courts throughout the country have rejected England's "loser pays" rule because imposing such a rule by judicial fiat would overstep the courts' limited role and could deter litigants—especially the poor—from asserting good claims or defenses in court.

III. In keeping with the American Rule, this Court has held that nontaxable expenses such as expert fees will be exacted from the losing party only with express statutory authorization.

Consistent with the decisions above, this Court has determined that the general cost statutes enacted by Congress limit the costs that may be recovered by prevailing parties in federal court—unless Congress *explicitly* directs otherwise.

In *Alyeska*, the Court rejected the idea that district courts have inherent power to award attorneys' fees to a prevailing party who acts as a "private attorney general." *Alyeska Pipeline Serv. Co. v. Wilderness Soc'y*, 421 U.S. 240, 241 (1975). To grant courts such power, the Court explained, would be "to fashion a far-reaching exception to th[e] 'American Rule'"—a rule "deeply rooted in our history and in congressional policy." *Id.* at 247, 271. While noting

that "Congress has made specific provision for attorneys' fees under certain federal statutes," the Court reasoned that Congress "has not changed the general statutory rule that allowances for counsel fees are limited to the sums specified by the costs statute." *Id.* at 254-55. "Nor has [Congress] extended any roving authority to the Judiciary to allow counsel fees as costs or otherwise whenever the courts might deem them warranted." *Id.* at 260. To the contrary, the Court concluded, "the circumstances under which attorneys' fees are to be awarded and the range of discretion of the courts in making those awards are matters for Congress to determine" and "it is not for us to invade the legislature's province by redistributing litigation costs in th[is] manner." *Id.* at 262, 271.

The Court then addressed courts' power to shift expert witness fees in *Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437 (1987). The district court ruling under review had held that Federal Rule of Civil Procedure 54(d)—which then provided that "costs shall be allowed as of course to the prevailing party unless the court otherwise directs"—gave the court discretion to award expert fees in excess of the $30-per-day witness fee allowed by 28 U.S.C. §§ 1920 and 1821(b). *Id.* at 439, 441 (citation omitted). But this Court disagreed. The district court's reading of Rule 54(d), the Court explained, would leave the general cost statutes "entirely without meaning," and the Court would "not lightly infer that Congress has repealed §§ 1920 and 1821, either through Rule 54(d) *or any other provision not referring explicitly to* [*expert*] *witness fees*"—"regardless of the priority of

enactment." *Id.* at 441, 444-45 (emphasis added) (citation omitted). So the Court put in place a bright-line rule: "[A]bsent explicit statutory ... authorization for the taxation of the expenses of a litigant's witness as costs, federal courts are bound by the limitations set out in 28 U.S.C. § 1821 and § 1920." *Id.* at 445.

The Court then applied the bright-line rule in *Casey*, holding that 28 U.S.C. § 1988's allowance of an "attorney fee" did not supply "the 'explicit statutory authority'" necessary to shift expert fees to the losing party. *W. Va. Univ. Hosps., Inc. v. Casey*, 499 U.S. 83, 87 (1991); *see also id.* at 87 n.3 (noting "the same is true of the word 'costs' in § 1988"). Sections 1920 and 1821, the Court reaffirmed, "define the full extent of a federal court's power to shift litigation costs absent express statutory authority to go further." *Id.* at 86.

And so again in *Murphy*, the Court applied *Crawford Fitting*'s clear-statement test to conclude that a provision in the Individuals with Disabilities Education Act (IDEA) allowing courts to "award reasonable attorneys' fees as part of the costs" did not allow prevailing parents to recover expert fees. *Arlington Cent. Sch. Dist. Bd. of Educ. v. Murphy*, 548 U.S. 291, 293-94 (2006). *Murphy* reiterated that "*no statute* will be construed as authorizing the taxation of" litigation expenses other than those enumerated in § 1920 "unless the statute 'refer[s] explicitly to'" those categories of expenses. *Id.* at 301 (emphasis added); *see also id.* at 298 (noting that "'costs' is a term of art" that "obviously" refers to "the list set out in 28 U.S.C. § 1920" and "§ 1821" (citation omitted)).

The Court's reasoning in *Crawford Fitting*, *Casey*, and *Murphy* largely rested on statutory interpretation, not the American Rule per se. *See, e.g.*, *Crawford Fitting*, 482 U.S. at 441, 449 (discerning "[t]he logical conclusion from the language and interrelation" of Rule 54(d), § 1821, and § 1920 and applying the "specific vs. general canon" of statutory construction); *Casey*, 499 U.S. at 88, 92 (concluding from the "record of statutory usage" that "attorney's fees and expert fees are regarded as separate elements of litigation cost," for otherwise "dozens of statutes referring to the two separately [would] become an inexplicable exercise in redundancy"); *Murphy*, 548 U.S. at 296-303 (concluding from the statutory text, as well as the reasoning of *Crawford Fitting*, that the IDEA does not authorize courts to shift expert fees to prevailing parents).

But this trilogy of decisions is also informed by—and grounded in—the American Rule. The clear-statement requirement first established in *Crawford Fitting* and then applied in *Casey* and *Murphy* is rooted in Congress's longstanding "rigid controls on cost-shifting in federal courts'" and the recognition that courts are not empowered "to evade [a] specific congressional command" in this area. *Crawford Fitting*, 482 U.S. at 442, 444. And the rule's default choice—that "costs" means *taxable* costs unless Congress says otherwise—ensures that plaintiffs and defendants alike need not fear that advancing a good-faith claim or defense may subject them to crushing liability for the other side's nontaxable litigation expenses.

In short, *Crawford Fitting*, *Casey*, and *Murphy* promote the separation of powers and longstanding practice by declining to infer "a bold departure" from the American Rule absent "explicit statutory language." *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 (1994).

IV. The bare term "full costs" in § 505 of the Copyright Act does not warrant departing from the American Rule and the limited set of taxable costs specified by Congress.

Section 505 of the Copyright Act allows district courts to award a "reasonable attorney's fee," but does not specifically authorize any other kind of nontaxable expense. 17 U.S.C. § 505. Nothing in the provision refers, for example, to expert fees, jury consulting fees, or e-discovery expenses. Nor, as this Court has already made clear, does the term of art "costs" encompass such nontaxable expenses. To the contrary, "§ 1920 defines the term 'costs'" for purposes of federal law. *Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437, 441 (1987). As in *Alyeska*, *Crawford Fitting*, *Casey*, and *Murphy*, this Court is yet again "asked to hold that a specific congressional enactment on the shifting of litigation costs is of no moment." *Id.* at 444.

The Ninth Circuit's contrary decision in *Twentieth Century Fox* was wrong. Despite recognizing that "*Crawford Fitting* instructs us to carefully inspect § 505 for clear evidence of congressional intent that non-taxable costs should be available," the Ninth Circuit quickly concluded that "full" must mean any and all expenses, including any

type of nontaxable expense. *Twentieth Cent. Fox Film Corp. v. Entm't Distrib.*, 429 F.3d 869, 885 (9th Cir. 2005) ("[W]e think that there can be no other import to the phrase 'full costs' within § 505."). In its haste, the Ninth Circuit apparently did not consider that "full costs" simply means the full amount of taxable costs, as opposed to two-thirds, double, or treble costs (as were available under some state cost-shifting provisions at the time). *See* Pet. Br. 42-44.

As the Eighth Circuit correctly recognized, nothing about "the 'full costs' language 'clearly,' 'explicitly,' or 'plainly' evidences congressional intent to treat 17 U.S.C. § 505 costs differently from costs authorized in other statutes." *Pinkham v. Camex, Inc.*, 84 F.3d 292, 295 (8th Cir. 1996) (per curiam). "Full costs" means full taxable costs, nothing less and nothing more.

This reading of § 505 best comports with the American Rule and the carefully considered departures from that rule embodied in the federal cost statutes. As Justice Goldberg aptly put it: "It has not been accident that the American litigant must bear his own cost of counsel and other trial expense save for minimal court costs, but a deliberate choice to ensure that access to the courts be not effectively denied those of moderate means." *Farmer v. Arabian Am. Oil Co.*, 379 U.S. 227, 237 (1964) (Goldberg, J., concurring). By requiring explicit statutory authorization before shifting nontaxable expenses to the losing party in copyright cases, this Court preserves this deliberate choice and respects the respective roles of the judicial and policy-setting branches.

Of course, if Congress ever decides to shift expert fees and other nontaxable expenses to the losing party in copyright cases (as it has done with attorneys' fees), it can easily do so. But until Congress explicitly acts, this Court should adhere to the American Rule and hold that § 505 allows district courts to award full *taxable* costs and nothing more.

CONCLUSION

By forcing parties to litigate under peril of ruinous costs awards on the basis of vague statutory text, the Ninth Circuit's decision undermines the American Rule, the separation of powers, and access to justice. The decision below should be reversed.

Respectfully submitted,

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No. 17-1625

IN THE

Supreme Court of the United States

RIMINI STREET, INC., ET AL.,

Petitioners,

v.

ORACLE USA, INC., ET AL.,

Respondents.

On Writ of Certiorari to the
United States Court of Appeals for the Ninth Circuit

BRIEF FOR THE NATIONAL MUSIC PUBLISHERS' ASSOCIATION AND RECORDING INDUSTRY ASSOCIATION OF AMERICA, AS *AMICI CURIAE* IN SUPPORT OF RESPONDENTS

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INTEREST OF *AMICI CURIAE*[1]

Amici curiae the National Music Publishers' Association ("NMPA") and the Recording Industry Association of America ("RIAA") are leading music trade organizations representing the interests of music copyright owners, including music publishers, record companies, and music creators. *Amici*'s members depend upon the rights conferred by the Copyright Act—in particular, the right to enforce their copyrights through litigation—to protect the works they create, invest in, license, and distribute.

NMPA is the principal trade association representing the U.S. music publishing and songwriting industry. Over the last 100 years, NMPA has served as a leading voice representing American music publishers before Congress, in the courts, within the music, entertainment, and technology industries, and to the listening public. NMPA's membership includes major music publishers affiliated with record labels and large entertainment companies as well as independently owned and operated music publishers of all catalog and revenue sizes. Compositions owned or controlled by NMPA's hundreds of members account for the vast majority of musical works licensed for commercial use in the United States.

RIAA is a nonprofit trade organization representing the American recording industry. RIAA supports

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[1] No party or counsel for any party authored any part of this brief or made a monetary contribution intended to fund the preparation or submission of this brief. All parties have provided blanket consent to the filing of *amicus* briefs.

and promotes the creative and financial vitality of the major recorded music companies. Its members are the music labels that comprise the most vibrant record industry in the world. RIAA members create, manufacture, and/or distribute approximately 85 percent of all legitimate recorded music produced and sold in the United States. In support of its members, the RIAA works to protect the intellectual property and First Amendment rights of artists and music labels, and monitors and reviews state and federal laws, regulations, and policies.

The question presented in this case bears directly on the ability of *Amici* and their members to protect copyrighted musical works and sound recordings against unauthorized use. The digital distribution of music has changed the industry in myriad ways, including by vastly expanding the incidence and scale of music piracy. A music copyright lawsuit may now involve thousands of copyrighted works and over a million acts of infringement, and give rise to complicated technical questions that require expert resources to address. As a result, in the experience of *Amici* and their members, the cost of enforcing music copyrights through litigation has risen dramatically. The ability to recover not only attorneys' fees but also the actual costs of litigation, as provided under Section 505 of the Copyright Act, is therefore critical to efforts to combat infringement.

Section 505 permits a prevailing copyright litigant to recover the "full costs" of the action, including "a reasonable attorney's fee," in the court's discretion.

17 U.S.C. § 505. Seeking to overcome the plain meaning of this provision, petitioners assert that "full costs" should be read to mean only those costs taxable under the default rule of 28 U.S.C. § 1920. Such a narrow and counterintuitive interpretation of Section 505 would seriously erode the efforts of *Amici* and their members to protect the value of their copyrighted works by seeking legal redress for infringement.

Music copyright owners rely on the ability to seek recovery of the full range of litigation expenses as provided in the Copyright Act, especially in pursuing large-scale or complex infringement actions. If petitioners' constricted interpretation were to prevail, it would eliminate courts' discretion to award meaningful costs to prevailing plaintiffs and undermine the practical ability to take action against music piracy. *Amici* respectfully request that the Court affirm the decision below and confirm that the Copyright Act means what it says and allows trial courts the discretion to award *full* costs, not just those enumerated in 28 U.S.C. § 1920.

SUMMARY OF ARGUMENT

This Court observed nearly 80 years ago that a copyright is of no value to its owner if it cannot be effectively enforced in the courts. *Washingtonian Publ'g Co. v. Pearson*, 306 U.S. 30, 39-40 (1939). However, the cost of pursuing infringement litigation in federal court is significant and at times prohibitive. The Copyright Office has found that "[c]opyright owners whose works are infringed often are deterred from enforcing their rights due to the burden and expense of pursuing litigation in the federal system." U.S.

Copyright Office, *Copyright Small Claims*, at 24 (Sept. 2013), https://www.copyright.gov/docs/smallclaims/usco-smallcopyrightclaims.pdf. The cost of copyright litigation has been estimated to be "well over three times the already high average cost of litigation." Shyamkrishna Balganesh, *Copyright Infringement Markets*, 113 Colum. L. Rev. 2277, 2285 (2013).

To mitigate these costs and ensure that copyright owners are properly reimbursed and incentivized to protect their creative works, Congress has repeatedly reaffirmed the longstanding practice of shifting costs in appropriate cases. For almost two centuries, the Copyright Act has permitted courts to award full costs to prevailing parties. *See* Copyright Act of 1831, ch. 16, § 12, 4 Stat. 436, 438-39; Copyright Act of 1909, ch. 320, § 40, 35 Stat. 1075, 1084; Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541, 2586. Significantly, the "full costs" provision of the Copyright Act predates the enactment of the Fee Act of 1853, which established the default federal rule for costs and that is today embodied in 28 U.S.C. § 1920; Congress has not seen the need to alter the more specific rule for copyright cases. *See* Act of Feb. 26, 1853 ("Fee Act"), ch. 80, 10 Stat. 161, 161; *Crawford Fitting Co. v. J. T. Gibbons, Inc.*, 482 U.S. 437, 440 (1987).

The high cost of copyright litigation is a concrete and serious issue for the music industry. Just as the digital era has transformed the distribution of music, it also has transformed music piracy. Litigation costs for copyright actions, in particular those involving online infringement, have increased dramatically. A

single case can involve over a million acts of infringement and implicate complicated technical questions that require costly factual discovery and expert testimony. For example, in *BMG Rights Management (US) LLC v. Cox Communications, Inc.*, a jury found an internet service provider liable for copyright infringement and awarded BMG $25 million in statutory damages. BMG sought to recover its full costs, amounting to nearly $3 million, the bulk of which were expert fees. The district court denied BMG's request for these fees, opining that "nontaxable" costs could not be recovered. Such a result is inconsistent with the clear discretion afforded trial courts under the Copyright Act to award full costs to a prevailing litigant.

In the face of escalating litigation costs, music industry litigants rely on the ability to recover their full costs when appropriate. Without such a recovery, the costs incurred to litigate an infringement case may be grossly disproportionate to a party's recovery of damages. Take, for instance, the case of *Capitol Records, Inc. v. MP3tunes, LLC*, in which music company plaintiffs sued an online music service for online infringement. No. 07-cv-9931, 2015 WL 13684546, at *1 (S.D.N.Y. Apr. 3, 2015). After a lengthy trial, a jury delivered a resounding win to the music companies, awarding tens of millions in damages. *Id.* However, to secure this victory, the prevailing plaintiffs were forced to incur over $12 million in attorneys' fees and litigation expenses. *Id.* at *3. To mitigate their outlay, the music industry plaintiffs sought to recover just over $4 million in attorneys' fees and costs, including approximately $700,000 in "nontaxable" costs

for expert fees and other expenditures. *See Capitol Records, Inc. v. MP3tunes, LLC*, No. 07-cv-9931, 2015 WL 7271565, at *1 (S.D.N.Y. Nov. 12, 2015). The court largely refused to grant the "nontaxable" costs, however.

These cases illustrate why the ability to seek full costs—that is, the true costs of litigation—is necessary to preserve the proper balance of incentives in the copyright system. Without the ability to recover full costs, music industry plaintiffs will be left undercompensated and unable to pursue claims against the most threatening infringers.

The ability to recover costs in defending against baseless claims is also critical. Music publishers and record labels at times are called upon to defend against meritless copyright infringement litigation. The ability to seek full costs not only serves to compensate parties who must respond to such frivolous actions, but also to deter bad-faith actors who face the risk of paying those costs as a losing party.

ARGUMENT

I. The Cost of Enforcing Music Copyrights Through Litigation Can Be Prohibitive.

A. Litigation Costs Are a Barrier to Enforcement of Music Copyrights.

It is critically important for the owners of musical works and sound recordings to be able to enforce their copyrights by taking legal action when they have been

infringed. The value of musical works and sound recordings declines when the cost of copyright enforcement rises. As this Court observed nearly 80 years ago, a copyright is of no value to its owner if it cannot be effectively enforced in the courts. *Washingtonian Publ'g Co. v. Pearson*, 306 U.S. 30, 39-40 (1939).

The costs of pursuing infringement litigation, however, are significant and at times prohibitive. It has been estimated that the average cost to a party of litigating a copyright case through trial ranges from $350,000 to over $1.3 million. Am. Intellectual Prop. Law Ass'n, *Report of the Economic Survey 2011*, at 35 (2012). One scholar recently concluded that the cost of copyright litigation is "well over three times the already high average cost of litigation." Shyamkrishna Balganesh, *Copyright Infringement Markets*, 113 Colum. L. Rev. 2277, 2285 (2013). Moreover, as these costs have increased in recent years, there has been a marked decrease in the number of litigated copyright cases—a 60 percent drop from 2005 to 2011. *Id.* at 2288-89 (citing Admin. Office of the U.S. Courts, *Judicial Business of the United States Courts: 2011 Annual Report of the Director* 130 (2012)).

Especially in a case of online infringement, many of the most significant issues—for example, proof of copying or distribution and the alleged infringer's degree of knowledge—require fact-intensive analysis that, in turn, depends upon extensive discovery and expert testimony. At the same time, an infringement action arising from alleged copying of a single individual work can require sophisticated testimony by

musicologists and market experts.[2]

The long-established practice of cost-shifting in copyright actions advances the goals of the copyright system by ensuring that copyright owners are properly reimbursed and incentivized to protect their creative works. Almost two centuries ago, Congress provided in the 1831 Copyright Act that the prevailing party in a copyright suit may recover the "full costs" of the action. *See* Copyright Act of 1831, ch. 16, § 12, 4 Stat. 436, 438-39. Congress expanded the provision in 1909 to clarify that attorneys' fees are to be included as part of "full costs," Copyright Act of 1909, ch. 320, § 40, 35 Stat. 1075, 1084, and has reaffirmed this rule in subsequent iterations of the Copyright Act, including in the current statute. *See* Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541, 2586.

Significantly, the "full costs" provision of the Copyright Act predates the enactment of the Fee Act of 1853, which established the default federal rule for costs and whose provisions are today embodied in 28 U.S.C. § 1920. *See* Act of Feb. 26, 1853 ("Fee Act"), ch. 80, 10 Stat. 161, 161; *Crawford Fitting Co. v. J. T. Gibbons, Inc.*, 482 U.S. 437, 440 (1987). Congress has not

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[2] *See, e.g.*, Memorandum of Points and Authorities in Support of Motion for an Award of Attorneys' Fees and Costs at 21-25, *Williams v. Bridgeport Music, Inc.*, No. 13-cv-06004, 2016 WL 6822309 (C.D. Cal. Apr. 12, 2016), ECF No. 479-1 (discussing role of musicologists and other experts in case involving infringement of popular song); Defendant Warner/Chappell Music, Inc.'s Memorandum of Points and Authorities in Support of Motion for Award of Additional Costs; Declaration at 6, 30-42, *Skidmore v. Led Zeppelin*, No. 15-cv-03462, 2016 WL 6674985 (C.D. Cal. Aug. 8, 2016), ECF No. 295-1 (same).

seen the need to alter the more specific rule for copyright cases.

Permitting courts to award full costs comports with Congress' statutory framework. The amount of statutory damages awarded in a music infringement action is highly discretionary, ranging from a minimum of $200 to a maximum of $150,000 per work infringed. *See* 17 U.S.C. § 504(c). Given the unpredictability of damages awards, the ability to recover full costs mitigates the possibility of a ruling that finds liability but does not award significant damages. If courts are not permitted to award full costs, the plaintiff risks incurring large litigation costs for uncertain damages. Even in cases that are resolved by settlement before trial, the statutory right to seek full costs may yield some amount of compensation for litigation expenses until the time of settlement

High litigation costs for copyright cases are not a theoretical concern; they are a real barrier to the enforcement of music copyrights. The Copyright Office explained in a 2013 report to Congress that "[c]opyright owners whose works are infringed often are deterred from enforcing their rights due to the burden and expense of pursuing litigation in the federal system." U.S. Copyright Office, *Copyright Small Claims*, at 24 (Sept. 2013), https://www.copyright.gov/docs/smallclaims/usco-smallcopyrightclaims.pdf; *see also id.* at 13 (stating litigation costs "may well persuade a party to forego bringing a lawsuit or cause a party to settle on less than ideal terms"). This unfortunate reality should not be compounded by negating the statutory right of a copyright owner to be

compensated for the actual costs of litigating after prevailing on an infringement claim.

B. Widespread Online Infringement Has Significantly Exacerbated the Adverse Impact of the High Costs of Copyright Litigation.

The development of the internet has transformed music distribution. It also has transformed music piracy, which can now be carried out with relative ease on a massive scale. As a consequence, the litigation costs associated with addressing music copyright infringement have increased dramatically. Music copyright owners have had to shift resources that would otherwise be invested in the creation of new music toward efforts to stem the tide of digital piracy.

Copyright litigation arising from online infringement of musical works and sound recordings implicates a host of complicated technical issues. Something as mundane as determining the identity of the infringer can require significant litigation resources. For example, a copyright owner may need to file a "John Doe" action in federal court before it can identify internet users associated with infringing activity conducted through an online service provider. *See, e.g.*, *In re Charter Commc'ns, Inc., Subpoena Enf't Matter*, 393 F.3d 771 (8th Cir. 2005) (music industry plaintiffs could not obtain subpoenas to determine identities of alleged online infringers without filing action); *Recording Indus. Ass'n of Am., Inc. v. Verizon Internet Servs., Inc.*, 351 F.3d 1229 (D.C. Cir. 2003) (same); *see also* U.S. Copyright Office, *supra*, at 18–19

(discussing the difficulty in identifying online infringers).

In addition, the scale of piracy litigation has grown enormously, as noted above. A recent lawsuit involving infringement of sound recordings on a single online service provider's network included allegations of more than one million acts of infringement. *See* Plaintiffs' Original Complaint at 2, ECF No. 1, *UMG Recordings, Inc. v. Grande Commc'ns Networks LLC*, No. 17-cv-365, (W.D. Tex. filed Apr. 21, 2017).

One of the largest drivers of costs in modern music copyright litigation is expert fees. As copyright litigation involving online infringement of musical works and sound recordings has become increasingly complex, it has necessitated the use of experts to document and analyze the data necessary to demonstrate infringement or the failure to comply with other requirements applicable to online providers under the Copyright Act.[3] These experts generate substantial litigation costs that music industry litigants cannot help but incur if they wish to protect the value of their copyrighted works.

The recent case of *BMG Rights Management (US) LLC v. Cox Communications, Inc.* well illustrates the

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[3] For instance, Section 512 of the Copyright Act, enacted in 1998 as part of the Digital Millennium Copyright Act, provides a safe harbor from infringement liability for online service providers if they comply with certain requirements set forth in the statute, including removal of infringing material upon receipt of a copyright owner's notice and adoption of a policy to track and terminate repeat infringers. *See generally* 17 U.S.C. § 512.

costs involved in litigating a modern music infringement case. As is increasingly true of copyright litigation, this action involved well over a thousand copyrights, hundreds of thousands of infringers, and millions of infringing acts. *See BMG Rights Mgmt. (US) LLC v. Cox Commc'ns, Inc.*, 149 F. Supp. 3d 634, 638, 640 (E.D. Va. 2015), *aff'd in part, rev'd in part on other grounds*, 881 F.3d 293 (4th Cir. 2018). In order to pursue its claims, BMG needed to conduct extensive document and electronic discovery. Litigating the case required the time-consuming task of piecing together incomplete, scattered records to demonstrate that Cox repeatedly allowed egregious copyright infringers to remain online. Brief in Support of BMG's Motion for Attorneys' Fees and Costs at 7, ECF No. 828, *BMG*, 234 F. Supp. 3d 760 (No. 14-cv-1611); *see also BMG Rights Mgmt. (US) LLC v. Cox Commc'ns, Inc.*, 234 F. Supp. 3d 760, 767 (E.D. Va. 2017), *vacated on other grounds*, 881 F.3d 293 (4th Cir. 2018). Moreover, BMG had to take or defend 36 depositions of 28 witnesses, including 11 expert witnesses, which amounted to approximately 270 hours of deposition testimony. Brief in Support of BMG's Motion for Attorneys' Fees and Costs at 27. BMG also had to engage a team of experts to analyze and present evidence to the jury. One expert was required to provide testimony on the high-tech software used by plaintiffs' agent to search websites to identify files that appeared to contain plaintiffs' musical works. Declaration of Michael J. Allan in Support of Plaintiff BMG's Petition for Attorneys' Fees and Expenses at 31, ECF No. 829, *BMG*, 234 F. Supp. 3d 760 (No. 14-cv-1611). Another expert was required to confirm that instances of infringement at particular IP addresses

related to the same Cox subscribers. *Id.* Still other experts were needed to testify on the workings of Cox's automated system for processing (and rejecting) infringement notices, as well as Cox's profits from the infringement on its network. *Id.* at 30. Finally, another expert conducted a survey that established that a substantial portion of Cox's customers valued the ability to use Cox's network to infringe. *Id.* at 31.

Following trial, a jury found Cox liable for copyright infringement and awarded BMG $25 million in statutory damages. BMG sought to recover its full costs, which amounted to $2.92 million, the vast majority of which—over $2.44 million—were for expert fees. *Id.* at 29, 31. Noting the circuit split on this issue, however, the district court denied BMG's motion for costs, opining that such costs could not be awarded.[4] *BMG*, 234 F. Supp. 3d at 778-80. Such an outcome is inconsistent with both the letter and spirit of the Copyright Act, which clearly allows trial courts the discretion to reimburse the prevailing party for expert fees and other "nontaxable" costs.

II. The Ability to Recover Full Costs Is Necessary to Mitigate the Expense of Protecting Music Copyrights.

The kinds of litigation costs discussed above have

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[4] The district court awarded $8,383,468 in attorneys' fees and $146,791 in taxable costs, finding that Cox's defense in the case "lacked a basis in fact and was therefore objectively unreasonable." *BMG Rights Mgmt. (US) LLC v. Cox Commc'ns, Inc.*, 234 F. Supp. 3d 760, 785 (E.D. Va. 2017), *aff'd in part, rev'd in part on other grounds*, 881 F.3d 293 (4th Cir. 2018).

become increasingly common for music copyright owners seeking to protect their works against infringement. Understandably, then, music industry plaintiffs seek to recover their full costs in appropriate cases. Without such a recovery, the costs incurred to litigate an infringement case may be grossly disproportionate to a prevailing party's recovery of damages. Indeed, a prevailing party's costs may actually exceed the amount of its recovery.

A. Awarding Full Costs Provides the Proper Incentive Needed for Plaintiffs to Tackle Large-Scale Infringement.

Without recovery of full costs, music publishers and record companies can face disincentives when considering the prospect of expensive litigation to shut down an infringer. Take, for instance, the case of *Capitol Records, Inc. v. MP3tunes, LLC*, in which music company plaintiffs sued an online music service for massive online infringement. No. 07-cv-9931, 2015 WL 13684546, at *1 (S.D.N.Y. Apr. 3, 2015). After a lengthy trial, a jury delivered a resounding win to the music companies, awarding some $48 million in damages, which the court reduced to $23 million. *Id.* at *1. In order to secure this judgment, plaintiffs incurred "in excess of $12 million in attorneys' fees and costs." *Id.* at *3.

The music industry plaintiffs sought to recover a little over $4 million in attorneys' fees and costs, which included approximately $700,000 in "nontaxable" costs. *See Capitol Records, Inc. v. MP3tunes, LLC*, No. 07-9931, 2015 WL 7271565, at *1 (S.D.N.Y.

Nov. 12, 2015). These "nontaxable" costs related to electronic discovery, trial support, travel, electronic research, rebuttal expert fees, and consulting fees. *Id.* at *6. The court awarded only a fraction of these "nontaxable" costs, denying reimbursement for the rebuttal experts and other professional services. *Id.* In so doing, the court observed that other courts in the district had held that the only costs recoverable were those enumerated in 17 U.S.C. § 1920. *Id.* (citing *Nature's Enters., Inc. v. Pearson*, No. 08-cv-8549, 2010 WL 447377, at *10 (S.D.N.Y. Feb. 9, 2010) and *U.S. Media Corp. v. Edde Entm't, Inc.*, No. 94-cv-4849, 1999 WL 498216, at *7 (S.D.N.Y. July 14, 1999)). Perhaps concerned with an overly harsh result, however, despite denying professional fees, the court did allow "'reasonable out-of-pocket' expenses incurred during litigation as part of their attorneys' fee award." *Id.* (quoting *Berry v. Deutsche Bank Trust Co. Americas*, 632 F. Supp. 2d 300, 306 (S.D.N.Y. 2009)).[5]

Given the ongoing threat of online music piracy, there is a continuing need for music copyright owners

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[5] The court awarded costs for the "types of routine costs awarded to previous parties in trademark and copyright infringement actions." *Id.* (quoting *Gakm Resources LLC v. Jaylyn Sales Inc.*, No. 08-cv-6030, 2009 WL 2150891, at *10 (S.D.N.Y. July 20, 2009) (internal quotation marks omitted)). The allowed costs, totaling roughly $250,000, were to reimburse for electronic discovery, photocopying and printing, legal database research, and travel. *Id.* After the court made this award, the parties entered into a global settlement of all issues, including costs and fees. *See* Stipulation and Order Adjourning Action and Approving Conditional Final Consent Judgment, ECF No. 760, *Capitol Records, Inc. v. MP3tunes, LLC*, No. 07-cv-9931 (S.D.N.Y. Jan. 26, 2018).

to take legal action to protect the value of their musical works and sound recordings and the livelihoods of those who create them.[6] The practical ability to pursue challenging litigation is essential not only to stop piracy and compensate copyright owners and creators for unauthorized uses, but to protect and foster the legitimate online marketplace. Given the need to gather and analyze vast amounts of data in complex copyright cases, the ability to seek full costs—that is, the true costs of litigation—is necessary to preserve the proper balance of incentives in the copyright system. Otherwise, music industry plaintiffs will be left undercompensated and hamstrung in their ability to pursue claims against the most threatening infringers.

B. Defendants and Claimants in Smaller Copyright Cases Also Rely on the Ability to Recover Full Costs.

1. Defendants Need Full Cost Recovery as a Deterrent to Meritless Litigation

Music publishers and record labels are also at times called upon to defend against meritless copyright infringement litigation. The ability to recover

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[6] Examples of such ongoing litigation efforts include *UMG Recordings, Inc. v. Grande Communications*, No. 17-cv-365 (W.D. Tex. filed Apr. 21, 2017), *Sony Music Entertainment v. Cox Communications, Inc.*, No. 18-00950 (E.D. Va. filed July 31, 2018), *Atlantic Recording Corporation v. Spinrilla, LLC*, No. 17-cv-431 (N.D. Ga. filed Feb. 3, 2017), and *UMG Recordings, Inc. v. Kurbanov*, No. 18-cv-957 (E.D. Va. filed Aug. 3, 2018).

costs in defending against baseless claims not only serves to compensate responding parties for frivolous actions, but also to deter bad-faith actors who must face the risk of having to pay those costs as a losing party.

Pringle v. Adams illustrates why the Ninth Circuit's statutory interpretation correctly allows awarding of full costs. No. 10-cv-01656, 2014 WL 3706826 (C.D. Cal. July 23, 2014). In *Pringle*, several music industry defendants were sued for supposed infringement of a song. *Id.* at *1. After winning on summary judgment, the defendants sought full costs, including approximately $300,000 of "nontaxable" costs for expert witness fees, online legal research charges, deposition costs, and court expenses. *Id.* at *7; Defendants' Supplemental Brief in Further Support of Motion for an Award of Attorneys' Fees and Full Costs at 15, ECF No. 304, *Pringle*, 2014 WL 3706826 (No. 8:10-cv-1656). In its order granting attorneys' fees and costs, the court referenced that the Ninth Circuit had affirmed summary judgment on appeal in part because plaintiff's evidence "raise[d] only the barest possibility" that defendants had access to plaintiff's song. *Pringle*, 2014 WL 3706826, at *2. Relying on Ninth Circuit precedent, the court compensated the prevailing defendants for the unwarranted cost of defending against meritless claims. *Pringle*, 2014 WL 3706826, at *7-8 (citing *Twentieth Century Fox Film Corp. v. Entm't Distrib.*, 429 F.3d 869, 885 (9th Cir. 2005)).

Similarly, a New York court awarded costs to the defendants in *Mayimba Music, Inc. v. Sony/ATV*

Latin Music Publishing LLC, which involved the rightful ownership of a song popularized by Shakira. Order Denying Plaintiff's Motion to Vacate Judgment, and Granting Defendants' Motion for Sanctions at 1, ECF No. 256, *Mayimba Music, Inc. v. Sony/ATV Latin Music Publishing LLC*, No. 12-cv-1094 (S.D.N.Y. Mar. 31, 2016). After concluding that the plaintiff lacked a valid copyright because it had fabricated the date on which it had authored its work, the court, exercising its discretion in light of defendant's bad faith, awarded $50,000 of "nontaxable" costs in addition to attorneys' fees accrued from the date of a crucial motion in the case. *Id.* at 1-3; Order Approving Application for Attorney's Fees at 1-2, ECF No. 268, *Mayimba Music, Inc. v. Sony/ATV Latin Music Publishing LLC*, No. 12-cv-1094 (S.D.N.Y. June 9, 2016).

The cost awards in such cases help to ensure that defendants are not cowed into settling meritless claims simply because of the expense required to vindicate their copyrights. At the same time, they reduce the incentives for disingenuous actors to bring frivolous litigation.

2. Absent the Ability to Recover Full Costs, Music Litigants May Lose More Than They Win.

A rule precluding courts from awarding full costs would also be detrimental to copyright owners seeking to bring modest-sized infringement claims, particularly in light of the lower damages awarded in such cases.

Claimants with smaller infringement claims face

formidable challenges in enforcing their copyrights. U.S. Copyright Office, *supra*, at 3. "Especially in the case of lower-value copyright claims, the potential for monetary recovery can be quickly overcome by the costs of discovery, motion practice, and other litigation expenses." *Id.* at 24. Indeed, litigation costs are generally disproportionately large in cases with modest-sized claims. *Id.* at 24-25. These problems are compounded when courts do not fully compensate prevailing parties for their costs in bringing the case. By excluding costs related to discovery or experts, courts deter copyright owners from asserting meritorious claims, as the costs of litigating can outweigh the recovery.

In *Tempest Publishing, Inc. v. Hacienda Records & Recording Studio, Inc.*, for example, the court awarded $5,000 in damages for infringement of the plaintiff's song. 141 F. Supp. 3d 712, 717 (S.D. Tex. 2015). The prevailing party's litigation costs were more than three times that amount, however, and the court denied recovery of the plaintiff's "nontaxable" costs, which amounted to over $4,000. *Id.* at 724-26; Plaintiff's Bill of Costs at 2-3, ECF No. 131, *Tempest*, 141 F. Supp. 3d 712 (No. 4:12-cv-736). In the end, the prevailing party achieved a largely Pyrrhic victory. The inability to recover full costs in such a case, notwithstanding the express language of the Copyright Act, renders enforcement of one's copyright a losing proposition.

CONCLUSION

For the foregoing reasons, the Ninth Circuit's judgment should be affirmed.

Respectfully submitted.

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In the Supreme Court of the United States

RIMINI STREET, INC., AND SETH RAVIN,
Petitioners,

v.

ORACLE USA, INC., ORACLE AMERICA, INC., AND ORACLE INTERNATIONAL CORPORATION,
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF FOR RALPH OMAN AS AMICUS CURIAE SUPPORTING RESPONDENTS

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INTEREST OF AMICUS CURIAE[1]

Amicus curiae Ralph Oman has spent nearly his entire career implementing and studying U.S. copyright policy. In the 1970s and 1980s, Mr. Oman served on the staff of the Senate Subcommittee on Patents, Copyrights, and Trademarks (the Senate Judiciary subcommittee responsible for federal copyright policy), including as its Chief Counsel. During that time, Mr. Oman participated in the negotiation and enactment of many legislative measures, including the Copyright Act of 1976 ("1976 Act")—the interpretation of which is at issue in this case. From 1985 to 1993, Mr. Oman was the Register of Copyrights of the United States. As such, he served as the head of the U.S. Copyright Office and was statutorily charged with "[a]dvis[ing] Congress on national and international issues relating to copyright." 17 U.S.C. § 701(b)(1). Today, Mr. Oman is the Pravel, Hewitt, Kimball, and Kreiger Professorial Lecturer in Intellectual Property and Patent Law at The George Washington University Law School, where he has taught copyright law for over 25 years.

As a long-time steward and student of the U.S. copyright system, Mr. Oman is keenly interested in ensuring that it functions soundly. Based on his decades of experience and intimate knowledge of the

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[1] The parties have consented to the filing of this brief. Letters evidencing such consent have been provided to the Clerk of the Court. No counsel for a party authored this brief in whole or in part; and no such counsel, any party, or any other person or entity—other than amicus curiae and his counsel—made a monetary contribution intended to fund the preparation or submission of this brief.

1976 Act and the copyright system as a whole, Mr. Oman believes that interpreting "full costs" in 17 U.S.C. § 505 to allow recovery of nontaxable costs—including, for example, the costs of expert witnesses—best effectuates the purposes underlying the Act.

INTRODUCTION AND SUMMARY OF ARGUMENT

The copyright system is designed to encourage innovation to promote the public good. Effective enforcement of copyrights is key to that end. And enforcement cannot be as effective if the costs of enforcement necessarily tax the potential recovery. The expansive and distinct suite of remedies in the Copyright Act reflects that calculus and evidences Congress's intent to make rightsholders whole for acts of infringement.

Excluding nontaxable costs from any potential recovery would fundamentally thwart that purpose and disincentivize meritorious claims. Expert witnesses, for example, are often critical to prosecuting a successful copyright case. Yet the cost of retaining them may significantly dilute any potential recovery. The risk of underenforcement is particularly acute with respect to individual rightsholders, where the damages recoverable often pale in comparison to the costs of litigating the case.

Allowing nontaxable costs to be recovered as part of the "full costs" otherwise available under § 505 would thus best effectuate the purposes of the Copyright Act.

ARGUMENT

INTERPRETING "FULL COSTS" TO INCLUDE RECOVERY OF NONTAXABLE COSTS BEST EFFECTUATES THE COPYRIGHT ACT'S PURPOSE

A. The Copyright Act Reflects Congress's Intent To Make Copyright Holders Whole

Copyright law grants authors a limited monopoly over their work, giving them a financial incentive to create. *See, e.g., Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 558–59 (1985). But the reward to the individual is a mere "secondary consideration"; the primary purpose of copyright protection is to benefit the public as a whole. *United States v. Paramount Pictures*, 334 U.S. 131, 158 (1948). That is, copyright protection "is intended to motivate the creative activity of authors . . . by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired." *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984). "The monopoly created by copyright thus rewards the individual author in order to benefit the public." *Harper & Row*, 471 U.S. at 546 (quoting *Sony Corp.*, 464 U.S. at 477 (Blackmun, J., dissenting)); *see* The Federalist No. 43, at 309 (James Madison) (Benjamin F. Wright ed. 1961) (copyright protection ensures that "[t]he public good fully coincides . . . with the claims of individuals").

But copyright protection can benefit authors—and thereby advance the public welfare—only if it is effectively enforceable. *See, e.g.*, Shyamkrishna Balganesh, *Copyright Infringement Markets*, 113 Colum. L. Rev. 2277, 2280, 2290–91 (2013). That is

why "a copyright holder has always had the legal authority to bring a traditional infringement suit against one who wrongfully copies." *Glacier Films (USA), Inc. v. Turchin*, 896 F.3d 1033, 1041 (9th Cir. 2018) (quoting *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 963 (2005) (Breyer, J., concurring)); *see, e.g.*, Act of May 31, 1790, ch. 15, § 2, 1 Stat. 124, 124–25.

1. To make such suits worthwhile, the Copyright Act provides "a potent arsenal of remedies" against infringement. *Sony Corp.*, 464 U.S. at 433–34. The remedies include not just actual damages, but statutory damages, additional profits, and injunctive relief. *See* 17 U.S.C. §§ 502–504. The Act allows a court to award the prevailing party attorney's fees. *Id.* § 505. And, of course, it provides for the recovery of "full costs." *Id.* The suite of copyright remedies that go beyond actual damages (*e.g.*, statutory damages, additional profits, attorney's fees) represents a departure from the norm. Viewed as a collective, this "arsenal of remedies" is unique.

Consider, for example, attorney's fees. Under the American Rule, the parties to a civil suit must normally pay for their own attorneys. *See, e.g.*, *Alyeska Pipeline Serv. Co. v. Wilderness Soc'y*, 421 U.S. 240, 247 (1975). But it was historically understood that "[t]he amount of money frequently involved in copyright litigation . . . is trifling" compared to the cost of an attorney. Arthur W. Weil, *American Copyright Law* 530 (1917). If copyright holders could not recover attorney's fees, many would never vindicate their statutory rights—effectively immunizing infringers from legal liability and, worse still, discouraging innovation. *See Gonzales v. Transfer Techs., Inc.*, 301 F.3d 608, 609–10 (7th Cir.

2002). To avoid that result, Congress departed from the American Rule in the Copyright Act, encouraging copyright holders to bring meritorious infringement claims by providing a critical tool to make them whole. *See* 17 U.S.C. § 505; Weil, *supra*, at 530; *accord* William S. Strauss, *The Damage Provisions of the Copyright Law, Study No. 22, Studies Prepared for the Subcomm. on Patents, Trademarks, and Copyrights of the S. Comm. on the Judiciary*, 86th Cong. 31 (Comm. Print 1960).

The Copyright Act's damages provisions provide another example of the same overarching intention. In addition to actual damages—the typical remedy in civil litigation generally—a copyright holder may also recover the defendant's incremental profits from infringement. *See* 17 U.S.C. § 504(b). And when a copyright holder cannot prove actual damages and profits—or when provable damages and profits are small—she may seek statutory damages instead. *See id.* § 504(c). Those remedies make it easier for a copyright holder to achieve a full recovery, and provide a financial incentive to bring meritorious infringement claims. As with attorney's fees, Congress included these unusual damages remedies to promote the development of creative works by compensating authors and deterring infringement. *See, e.g., F.W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228, 231–33 (1952); S. Rep. No. 94-473, at 143 (1975). Put simply, the remedies available under the Copyright Act are designed to make the prevailing copyright holder no worse off than she would have been absent her successful infringement action.

2. The government nevertheless suggests that "there is no apparent policy reason that cost awards

should be governed by different rules in copyright suits than in patent and trademark cases." U.S. Amicus Br. 30. And there is, to be sure, often a tendency to look at copyright law alongside its intellectual property brethren. Here, though, that side-by-side comparison only further highlights the uniquely protective nature of the remedies provided under the Copyright Act.

For example, the Lanham Act and the Patent Act allow courts to award attorney's fees only in "exceptional cases." 15 U.S.C. § 1117(a); 35 U.S.C. § 285; *see Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 553–54 (2014).[2] The Copyright Act, in contrast, grants courts discretion to award attorney's fees in any appropriate case, considering (among other things) the dual purposes of the Copyright Act's remedies—compensation and deterrence. *See Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1985–89 (2016).

Similarly, the Lanham Act and the Patent Act allow statutory damages only in special circumstances. *See, e.g.*, 15 U.S.C. § 1117(c) (use of counterfeit marks); 35 U.S.C. § 297 (invention promoters). The Copyright Act, by contrast, allows copyright holders who have timely registered their works to elect statutory damages instead of actual damages and profits in any infringement case. *See* 17

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[2] In *Octane Fitness*, the Court interpreted the "exceptional cases" standard in the Patent Act. Many courts have applied *Octane Fitness* to the Lanham Act since the standard for awarding attorney's fees is the same. *See Sleepy's LLC v. Select Comfort Wholesale Corp.*, __ F.3d __, 2018 WL 6174650, at *9 (2d Cir. Nov. 27, 2018) (applying *Octane Fitness* to the Lanham Act and collecting cases from the Third, Fourth, Fifth, Sixth, Ninth, and Federal Circuits).

U.S.C. §§ 412, 504(c). Congress understood that such a "special remedy" was necessary in copyright cases, because copyrights are especially hard to value and losses from infringement "may be impossible or prohibitively expensive to prove." H. Comm. on the Judiciary, 87th Cong., *Copyright Law Revision: Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* 102 (Comm. Print 1961).[3]

And while the Lanham Act and the Patent Act provide for the recovery of "costs" (*see* 15 U.S.C. § 1117(a); 35 U.S.C. § 284), the Copyright Act provides for the recovery of "full costs" (17 U.S.C. § 505). That term must be interpreted with the Act's distinct remedial scheme in mind. *See, e.g.*, *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 133 (2000).

B. Categorically Excluding Nontaxable Costs From "Full Costs" Would Thwart Congress's Intent

Categorically excluding nontaxable costs from "full costs" would thwart Congress's intent to make copyright holders whole. Interpreting "full costs" to mean "taxable costs" would bar copyright holders from recovering, among other things, expert witness costs. But expert testimony is a routine part of copyright infringement litigation—as Congress well knew. And the costs of retaining expert witnesses are significant. Forcing plaintiffs to bear those costs

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[3] The Register of Copyright's 1961 Report was important to the production of the 1976 Act, and the Act largely adopted the Register's recommendations. *See Sony Corp.*, 464 U.S. at 462 n.9 (recounting the history of the 1976 Act's enactment).

would disincentivize enforcement—especially for individual rightsholders. Such a result cannot be squared with Congress's intent to provide full recovery.

1. Expert testimony is "routine" in copyright litigation. *See* 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 12:10[C] (2018); *see also, e.g.*, Dane S. Ciolino & Erin A. Donelon, *Questioning Strict Liability in Copyright*, 54 Rutgers L. Rev. 351, 391 (2002) ("Expert witnesses are routinely employed by both plaintiffs and defendants, often at great expense."); *id.* at 391 n.171 (collecting sources).

Experts have testified in copyright cases for well over a century, and courts have long recognized that expert testimony is helpful to proving essential elements of infringement, such as similarity between two works. *See, e.g.*, *Lawrence v. Dana*, 15 F. Cas. 26, 56 (C.C.D. Mass. 1869); *Arnstein v. Porter*, 154 F.2d 464, 468 (2d Cir. 1946). Indeed, in the years leading up to the 1976 Act's enactment, expert testimony was common, as the following cases illustrate:

- In *L. Batlin & Son, Inc. v. Snyder*, the district court granted an injunction preventing enforcement of a copyright, in part based on expert testimony that the defendant's plastic toy bank was a copy of the plaintiff's metal one. *See* 536 F.2d 486, 489 (2d Cir. 1976) (en banc).
- In *Bevan v. Columbia Broadcasting System, Inc.*, literary experts testified as to the similarities between the plaintiff's play and the television show *Hogan's Heroes*. *See* 329 F. Supp. 601, 604–07 (S.D.N.Y. 1971).

- In *Baldwin Cooke Co. v. Keith Clark, Inc.*, experts testified regarding the amount of damages and profits the defendant owed for infringing the plaintiff's copyright. *See* 420 F. Supp. 404, 406–08 (N.D. Ill. 1976).

The practical necessity of expert testimony could not have been lost on the Congress that enacted the 1976 Act. Beyond the ample case law involving experts leading up to the 1976 Act, Congress more generally understood that copyrightable works might include complex material, like software, making expert testimony necessary in many infringement cases. *See, e.g.*, H.R. Rep. No. 94-1476, at 54 (1976) (suggesting that copyrightable material potentially "includes . . . computer programs"); 3 Nimmer, *supra*, § 12:10[C] ("software . . . might be inaccessible to lay jurors"); John M. Conley & David W. Peterson, *The Role of Experts in Software Infringement Cases*, 22 Ga. L. Rev. 425, 429–39 (1988). That is, the Congress that enacted the 1976 Act both understood the necessity of expert testimony in copyright cases and retained the expansive and inclusive term "full costs." *See* Oracle Br. 23, 38, 48.

2. Expert testimony is not cheap. As this case illustrates, expert witness costs (and other nontaxable costs) can be substantial. *See* JA273–74, 294 (awarding nontaxable costs of $12.8 million, including $5.4 million of expert witness costs); *see also, e.g., Mattel, Inc. v. MGA Entm't, Inc.*, No. CV 04-9049 DOC (RNBx), 2011 WL 3420603, at *9 (C.D. Cal. Aug. 4, 2011) (awarding $31.7 million in costs, including expert witness costs and other nontaxable costs). But even in smaller cases, expert witnesses meaningfully add to the overall costs of litigation. *See, e.g., Remedies for Small Copyright Claims:*

Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 109th Cong. 46 n.3 (2006) (statement of the U.S. Copyright Office) ("If expert witnesses are used, as is not uncommon in copyright cases, additional thousands of dollars or more in expenses can be incurred."); *Kourtis v. Cameron*, 358 F. App'x 863, 868 (9th Cir. 2009) (affirming award of $37,850 in expert witness costs on top of $166,234 in attorney's fees).

These costs will be part of the calculus when any sensible copyright holder is deciding whether to bring suit and, ultimately, can affect an author's decision on whether to create. *See* Balganesh, *supra*, at 2292–93. As a matter of common sense, a copyright holder will not incur the expense of litigation if she will pay more than she can recover. If faced with nontaxable costs of $50,000 and an expected economic benefit of, say, $30,000 (the maximum statutory damages award for non-willful infringement), the hypothetical copyright holder will not effectively pay $20,000 to enforce her copyright. And without the effective enforcement that is critical to copyright protection, the constitutional imperative for "Progress" will be impeded—all directly contrary to Congress's reason for providing a "potent arsenal of remedies" in the Copyright Act.

Precisely how the inability to recover expert witness costs (and other nontaxable costs) would impact innovation and copyright infringement litigation is difficult to quantify. From 2008 to 2017, more than 30 percent of copyright infringement cases were filed in the Ninth Circuit—which, of course, interprets "full costs" to include nontaxable costs. *See Twentieth Century Fox Film Corp. v. Entm't Distrib.*, 429 F.3d 869, 884–85 (9th Cir. 2005), *cert. denied*, 548

U.S. 919 (2006).[4] Another 14.1 percent are brought in the Second Circuit. And while the Second Circuit has not itself opined on this issue, the Southern District of New York—where nearly three-quarters of copyright cases within the Second Circuit are filed—has awarded nontaxable costs as part of "full costs." *See Capitol Records, Inc. v. MP3tunes, LLC*, No. 07cv9931, 2015 WL 7271565, at *6 (S.D.N.Y. Nov. 12, 2015). In contrast, only the Eighth and Eleventh Circuits have followed petitioners' approach, and courts in those circuits hear comparably few copyright infringement cases—only 2.4 percent and 8.4 percent, respectively. In short, this would be a significant change to the status quo.

The impact would be especially severe for those most in need of the Copyright Act's remedies: individual authors who create the works protected by the Act, and who are least able to vindicate the rights granted by it.

Individual copyright holders often own copyrights that are worth a small amount relative to the cost of an infringement lawsuit. The cost of litigating a small-value case is disproportional to the value of the case—and often exceeds it. *See* U.S. Copyright Office, *Copyright Small Claims: A Report of the Register of Copyrights* 25 (2013) ("*Copyright Small Claims*"). According to recent data, for example, the median cost

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[4] All percentages in this paragraph are based on calendar-year data from Lex Machina, which collects information on copyright case filings from the federal courts' PACER system. *See* Lex Machina, *Legal Analytics*, http://www.lexmachina.com (last visited Dec. 18, 2018). The Addendum further details copyright case filings from 2008 to 2017 by judicial district and circuit.

to litigate a copyright infringement lawsuit with less than $1 million at stake is at least $200,000. *See* Am. Intellectual Property Law Ass'n, *2017 Report of the Economic Survey* 44 (2017); *Copyright Small Claims*, *supra*, at 25. The value of an individual copyright, however, usually comes nowhere near that amount. As a result, even copyright holders who would likely win an infringement suit might choose not to bring one "because of the prohibitive costs and inherent difficulties" of litigation. *Copyright Small Claims*, *supra*, at 26.

Moreover, to obtain the full range of remedies available for copyright infringement—specifically, statutory damages and attorney's fees—a copyright holder must have timely registered the copyright with the Copyright Office. *See* 17 U.S.C. § 412. But individual authors "do not typically register their copyrights" in a timely manner, and therefore "rarely qualify for statutory damages or attorney's fee awards." Pamela Samuelson & Tara Wheatland, *Statutory Damages in Copyright Law: A Remedy in Need of Reform*, 51 Wm. & Mary L. Rev. 439, 454 (2009). That is so because registration is impractical for many authors, who might own copyrights in numerous works. "For example, photographers have pointed out that they create hundreds or thousands of works in short periods of time, and often lack the resources to register all of the photographs to secure the full protections of the Copyright Act. These frustrations are shared by graphic artists, writers, and others, many of whom view the registration requirement as an obstacle to vindicating their rights, even apart from the significant costs of litigation once one gets to court." *Copyright Small Claims*, *supra*, at 108 (footnote omitted); *see also, e.g.*, *The Copyright*

Reform Act of 1993: Hearing on S. 373 Before the Subcomm. on Patents, Copyrights, and Trademarks of the S. Comm. on Judiciary, 103d Cong. 47–52, 108–15 (1994) (testimony of individual creators and their representatives supporting repeal of the registration requirement). The inability to recover expert witness costs (and other nontaxable costs) could introduce a further impediment to vindicating their rights. Indeed, it could discourage an individual author from authorizing her lawyer to secure crucial expert testimony needed to win the case—even when confronted with a barrage of expert testimony from the heavy artillery of a deep-pocketed defendant.

The American Intellectual Property Law Association ("AIPLA") argues that allowing copyright holders to recover nontaxable costs would "undercut the incentives Congress enacted in [17 U.S.C.] § 412 to encourage timely registration of works." AIPLA Amicus Br. 7. But that seems unlikely for two reasons. *First*, AIPLA offers no reason why denying nontaxable costs would actually "encourage timely registration of works." If a copyright holder does not timely register, she cannot recover statutory damages or attorney's fees. There is no reason to think that denying her nontaxable costs as well would tip the balance in favor of registration. *Second*, AIPLA's narrow interpretation of "full costs" would deny nontaxable costs to *all* copyright holders, even those who timely registered their copyrights. Rather than encourage timely registration, that would discourage the creation of copyrightable material by making it clear that a rightsholder will not, in fact, be made whole when it comes time to vindicate her statutory right.

In the end, interpreting "full costs" to mean only "taxable costs" would be contrary to the Copyright Act's design and purpose. It would mean that copyright holders could never recoup their expert witness costs (and other nontaxable costs), even in the clearest, most egregious cases of infringement. *See* 17 U.S.C. § 505. That would ensure an incomplete recovery in nearly every case and would hurt individual authors the most. Limiting "full costs" in this way would remove an important weapon from the "potent arsenal of remedies" Congress provided and pose an obstacle to the effective enforcement of copyrights—contrary to the Copyright Act's goals.

CONCLUSION

The Court should affirm the judgment of the Ninth Circuit.

Respectfully submitted,

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December 20, 2018

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Table of Total Copyright Case Filings from 2008 to 2017 by Judicial District and Circuit, as Provided by Lex Machina 1a

ADDENDUM

The following table lists total copyright case filings from 2008 to 2017 by judicial district, as provided by Lex Machina:

Judicial District	Filings, 2008 to 2017	Percent of Total
C.D. Cal.	5,814	17.2%
S.D.N.Y.	3,531	10.4
N.D. Ill.	2,166	6.4
N.D. Cal.	1,408	4.2
D.N.J.	1,297	3.8
E.D. Pa.	1,149	3.4
M.D. Fla.	1,130	3.3
D. Colo.	1,108	3.3
D. Md.	949	2.8
S.D. Fla.	936	2.8
E.D.N.Y.	757	2.2
E.D. Mich.	747	2.2
E.D. Va.	691	2.0
S.D. Ohio	609	1.8
S.D. Tex.	605	1.8
N.D. Ohio	513	1.5
E.D. Cal.	503	1.5
S.D. Cal.	502	1.5
D. Or.	499	1.5
W.D. Wash.	486	1.4
D. Nev.	473	1.4
D. Mass.	467	1.4
N.D. Ga.	460	1.4

Judicial District	Filings, 2008 to 2017	Percent of Total
N.D. Tex.	392	1.2%
D. Ariz.	392	1.2
W.D. Tex.	360	1.1
D.D.C.	297	0.9
S.D. Ind.	289	0.9
D. Conn.	262	0.8
W.D. Mich.	253	0.7
D. Minn.	251	0.7
D. Utah	221	0.7
E.D. Mo.	206	0.6
E.D.N.C.	203	0.6
E.D. Wis.	197	0.6
N.D. Ind.	172	0.5
M.D. Tenn.	171	0.5
D. Haw.	168	0.5
M.D. Pa.	165	0.5
N.D.N.Y.	158	0.5
W.D. Wis.	137	0.4
E.D. Tenn.	134	0.4
W.D.N.C.	129	0.4
D.S.C.	128	0.4
E.D. Tex.	126	0.4
N.D. Fla.	126	0.4
E.D. La.	123	0.4
W.D. Pa.	121	0.4
W.D. Mo.	116	0.3
M.D.N.C.	111	0.3
C.D. Ill.	106	0.3

Judicial District	Filings, 2008 to 2017	Percent of Total
W.D. Ky.	88	0.3%
D.P.R.	80	0.2
D. Kan.	80	0.2
W.D.N.Y.	77	0.2
D. Del.	77	0.2
W.D. Okla.	69	0.2
W.D. Va.	68	0.2
W.D. Tenn.	62	0.2
S.D. Miss.	60	0.2
S.D. Iowa	58	0.2
N.D. Ala.	54	0.2
M.D. Ga.	49	0.1
D. Neb.	48	0.1
D.N.H.	48	0.1
N.D. Iowa	44	0.1
S.D. Ga.	43	0.1
D.R.I.	43	0.1
D. Idaho	40	0.1
D.N.M.	39	0.1
E.D. Ky.	38	0.1
E.D. Ark.	35	0.1
N.D. Okla.	33	0.1
D. Me.	33	0.1
S.D. Ill.	31	0.1
N.D. Miss.	31	0.1
M.D. La.	31	0.1
W.D. La.	27	0.1
W.D. Ark.	25	0.1

Judicial District	Filings, 2008 to 2017	Percent of Total
E.D. Wash.	24	0.1%
S.D. Ala.	22	0.1
D. Mont.	21	0.1
S.D. W. Va.	19	0.1
N.D. W. Va.	18	0.1
D.S.D.	15	0.0
M.D. Ala.	11	0.0
D. Alaska	11	0.0
D.N.D.	7	0.0
E.D. Okla.	7	0.0
D. Vt.	6	0.0
D. Wyo.	4	0.0
D.V.I.	3	0.0
D. Guam	1	0.0
Total	*33,894*	*100.0%*

The following table summarizes the prior data by circuit:

Circuit	Filings, 2008 to 2017	Percent of Total
Ninth	10,342	30.5%
Second	4,791	14.1
Seventh	3,098	9.1
Eleventh	2,831	8.4
Third	2,812	8.3
Sixth	2,615	7.7
Fourth	2,316	6.8
Fifth	1.755	5.2

Circuit	Filings, 2008 to 2017	Percent of Total
Tenth	1,561	4.6%
Eighth	805	2.4
First	671	2.0
D.C.	297	0.9
Total	*33,894*	*100.0%*

No. 17-1625

In the Supreme Court of the United States

RIMINI STREET, INC., AND SETH RAVIN,

Petitioners,

v.

ORACLE USA, INC., ORACLE AMERICA, INC., AND ORACLE INTERNATIONAL CORPORATION.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF OF *AMICI CURIAE* SCHOLARS OF CORPUS LINGUISTICS SUPPORTING PETITIONERS

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QUESTION PRESENTED

Whether the Copyright Act's allowance of "*full costs*" (17 U.S.C. 505) is limited to the categories and amounts of costs taxable under 28 U.S.C. 1920 & 1821, or also authorizes an award of expert witness fees and other "non-taxable" expenses.

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INTRODUCTION AND INTERESTS OF *AMICI*[1]

Amici (listed in the Appendix) are scholars of a methodology for answering questions of interpretation in a systematic, rigorous manner—a methodology known as "corpus linguistics." As Utah Supreme Court Justice Thomas R. Lee and Stephen Mouritsen put it, "corpus linguistics is an empirical approach to the study of language that involves large, electronic databases," which are used to "draw inferences about language from data gleaned from real-world language in its natural habitat—in books, magazines, newspapers, and even transcripts of spoken language."[2] Because judges—like linguists and lexicographers—are interested in the "original public meaning" of historic texts and the "ordinary meaning" of modern texts, *amici* believe these databases can be invaluable in resolving difficult questions of constitutional and statutory interpretation.

Usage evidence derived from these databases demonstrates that the Ninth Circuit's holding is linguistically untenable. One reason is that an adjective's meaning is generally derived from the noun it modifies, not the other way around: In this case, "full" can no more alter the meaning of "costs" than it can the meaning of "moon," "speed," "time," "parking lot," or "house." In fact the noun and its context tells us which of the many meanings of "full" was intended.

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[1] With the exception of BYU Law School—which has generously covered the costs of printing this brief—no one other than *amici* and their counsel authored any part of this brief or made a monetary contribution to fund its preparation or submission. Petitioners and Respondents both filed blanket consents.

[2] Thomas R. Lee & Stephen C. Mouritsen, 127 Yale L.J. 788, 827 (2017).

Here there is also strong evidence that "full" in Section 505 should be considered a "delexicalized" adjective. A delexicalized adjective is one whose purpose is to draw attention to and underline an attribute that is already embedded in the meaning of the noun such as "clenched fist" and "free gift." "Full" often serves to emphasize the completeness of an object that is already presumed to be complete—like "full deck of cards," "full set of teeth," and "full costs." As applied here, then, "full costs" merely means all the costs that are *otherwise* authorized by the relevant law—not all costs that might be imagined.

STATEMENT

Petitioner Rimini Street, Inc. is a company that provides after-market support services to Respondent Oracle's software clients. Pet. App. 5a. The lower courts found that the *way* Rimini Street provided these services infringed Oracle's software copyrights. Whether Rimini Street actually violated Oracle's copyright is not on appeal. Instead, this case focuses on the Ninth Circuit's interpretation of the Copyright Act's costs provision.

In addition to damages, the Copyright Act allows a court to award a prevailing party "full costs." 17 U.S.C. 505. This Court has held that the word "costs" by itself is a term of art which refers to just six discrete categories of litigation expenses enumerated in 28 U.S.C. 1920 & 1821: fees for the clerk and marshal; transcript fees; disbursements for printing and witnesses; fees for making copies; docketing fees; and the compensation of court-appointed experts and certain special interpretation services. *Arlington Central School District* v. *Murphy*, 548 U.S. 291 (2006). Other litigation costs—such as expert witness fees—are not recoverable in the absence of "plain evidence" of "clear ... congressional intent to supersede those sections." *Crawford Fitting Co.* v. *J.T. Gibbons, Inc.*, 482 U.S. 437, 445 (1987).

Thirteen years ago, the Ninth Circuit concluded that the Copyright Act allowed courts to award the full panoply of litigation expenses as part of "costs." *Twentieth Century Fox Film Corp.* v. *Entertainment Distributing*, 429 F.3d 869, 885 (9th Cir. 2005). "[T]o do otherwise would"—according to the Ninth Circuit—"violate the long standing principle of statute interpretation that statutes should be construed to make

surplusage of any provision." *Id.* After all, any other reading of the Copyright Act would supposedly "read[] the word 'full' out of the statute." *Id.* Bound by this precedent, the district court below held that "full costs" meant "all costs incurred in litigation." JA305. It therefore ordered Rimini Street to reimburse Oracle for over $12 million in litigation expenses not typically considered "costs"—including (among other things) expert witness fees, additional e-discovery fees, contract attorney services, and jury consulting. *Id.* Rimini Street appealed to the Ninth Circuit, which affirmed on *stare decisis* grounds. JA346. Rimini Street sought rehearing en banc, which was denied. This Court granted certiorari.

SUMMARY OF ARGUMENT

Petitioners explain that the term "full costs" as used in the Copyright Act's costs provision should be limited to those categories of litigation expenses specifically enumerated by Congress in 28 U.S.C. 1920 and 1821. This reading is strongly supported by evidence derived from a technique called corpus linguistics—the use of electronically-searchable linguistic databases to investigate the meaning and function of words within a particular community at a particular time. Application of that methodology shows that the Ninth Circuit's holding is linguistically untenable.

As explained above and in Section II below, an adjective's meaning is "disambiguated"—that is, clarified or made less ambiguous—by the noun it modifies, not vice versa. Thus, "full" can no more alter the meaning of "costs" than it can the meaning of "moon," "speed," "time," "parking lot," or "house." Instead, the noun associated with "full," and the context in which the phrase is used, indicates which of the many meanings of "full" was intended.

Here, the linguistic evidence shows that the "full" in Section 505 should be considered a "delexicalized" adjective, that is, an adjective whose purpose is to draw attention to and underline an attribute already fundamental to the nature of the noun that is already embedded in the meaning of the noun. "Full" often serves to emphasize the completeness of an object that is already presumed to be complete, like "full deck of cards," "full set of teeth," and "full costs."

These findings are supported by the linguistic conventions of Congress and the courts, which frequently use the terms "full costs" and "expert witness fees" in

a way that makes clear that the latter is not an element of the former.

ARGUMENT

I. The Court should consider evidence derived from corpus linguistics to test the Ninth Circuit's interpretation of the Copyright Act.

The Copyright Act states that a "court in its discretion may allow the recovery of full costs by or against any party other than the United States." 17 U.S.C. 505 (emphasis added). This Court has already stated the word "costs" is a "term of art that does not generally include expert fees." *Arlington Central School District* v. *Murphy*, 548 U.S. 291 (2006). Instead, it is limited to the six discrete categories enumerated in 28 U.S.C. 1920 and 1821. See, *e.g.*, *id.*; *Tanguchi* v. *Kan Pacific Saipan, Ltd.*, 566 U.S. 560, 562 (2012). As this Court has put it, "[a]ny argument that a federal court is empowered to exceed the limitations explicitly set out in §§ 1920 and 1821" when awarding costs must fail unless there is "plain evidence" of "*clear* ... congressional intent to supersede those sections." *Crawford Fitting Co.* v. *J.T. Gibbons, Inc.*, 482 U.S. 437, 445 (1987). As always, "[t]he best evidence of congressional intent ... is the statutory text that Congress enacted." *Marx* v. *General Revenue Group*, 568 U.S. 371, 392 n. 4 (2013) (Sotomayor, J. dissenting) (citing *W. Va. Univ. Hosp., Inc.* v. *Casey*, 499 U.S. 83, 98 (1991)).

The courts below claim to have found this evidence in the phrase "full costs." Based on Ninth Circuit precedent, the district court interpreted the phrase "full costs" to mean "all costs incurred in litigation." *Id.* The Ninth Circuit had not only concluded that this was the best reading of the statute, but thought "there [could] be no other import to the phrase" because any other interpretation would "effectively read[] the word 'full'

out of the statute." *Twentieth Century Fox Film Corp.* v. *Entertainment Distributing*, 429 F.3d 869, 885 (2005). This is a testable hypothesis, one that can be assessed by analytical tools and techniques developed by linguists and lexicographers over the last fifty years. This methodology—which has only recently gained traction in the law—is known as corpus linguistics.

1. Corpus linguistics is a discipline which investigates real-language use and function by analyzing electronic databases of naturally-occurring texts. Thomas R. Lee & Stephen C. Mouritsen, *Judging Ordinary Meaning*, 127 Yale L.J. 788 (2018). These databases have an esoteric name—corpora (the plural of corpus)—but are simply digitally-searchable collections of real-world sources: books, newspapers, speeches, scholarly articles, television transcripts, etc. *Id.* at 33. The sources are said to occur "naturally" because they "were not elicited for the purpose of the study. That is ... no one ask[ed] the speakers or writers whose words are represented in the corpus to speak or write for the purpose of subjecting their words to linguistic scrutiny. Instead, the architect of the corpus assemble[d] her collection of speech and writing samples after the fact." Stephen C. Mouritsen, *The Dictionary is not a Fortress: Definitional Fallacies and a Corpus-Based Approach to Plain Meaning*, 2010 B.Y.U L. Rev. 1915, 1954–1955.

Although corpus linguistics offers many different tools, when interpreting a historical text such as a statute, the following method is helpful:

- Identify a corpus that corresponds with and is representative of the speech community and time period she wishes to investigate;

- Search for the relevant search term using a "Keyword in Context" (KWIC) feature, which finds and displays in context every instance of the queried term in the database;
- Generate a random (and thus likely representative) sample of the returned KWIC lines large enough to detect significant effects statistically; and
- Code each KWIC line in the sample for its relevant word sense, relying on the system's expanded context feature when necessary.[3]

This approach is similar to that used by many lexicographers today. It can help produce useful quantitative and qualitative evidence about the real-world usage of the relevant term.

Of course, not all of the examples produced by the corpus will be helpful. Like Google or Westlaw, a corpus search will sometimes identify sources in which the queried term was used in a very different context. Other times the usage will be vague or ambiguous. But analyzing a random sample of concordance lines, as a whole, produces a broader picture of language usage, defining the range of potential meanings a word or phrase may take and often revealing trends and patterns that otherwise would have remained unnoticed.

2. This approach should feel familiar to most judges. Courts search for real-world examples of linguistic usage to help make sense of legal passages all the time. For example, in *Heller*, opinions on both sides

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[3] See, *e.g.*, James Cleith Phillips & Jesse Egbert, *Advancing Law & Corpus Linguistics*, 2018 B.Y.U. L. Rev. (forthcoming), *available at* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3057415.

of the issue considered concrete examples mined from "founding era sources" of how the phrases "keep arms" and "bear arms" were actually used by contemporaries of the Constitution. 554 U.S. at 581-592.

The problem is that until now "a judge has [had] no way of determining whether she is correct in her assessment that her own interpretation is widely shared." Lawrence Solan, et al., *False Consensus Bias in Contract Interpretation*, 108 Colum. L. Rev. 1268, 1273 (2001). Linguists have long noted the fallibility of human linguistic intuition. Because "humans tend to notice unusual occurrences [of words] more than typical ones," judges run the risk of over-crediting the frequency of obscure word senses. Douglas Biber et al., Corpus Linguistics: Investigating Language Structure and Use 3 (1998).

To combat this, some judges have turned to electronic databases "in an effort to assemble a greater number of examples than ... can [be] summon[ed] by memory" alone, *State* v. *Rasabout*, 356 P.3d 1258, 1271 (Utah 2015) (Lee, A.C.J.), as a way to check their linguistic intuition. This Court did so in *Muscarello* v. *United States*, "survey[ing] modern press usage [of the word "carry"] by searching computerized newspaper databases." 524 U.S. 125, 129-130 (1998). Likewise, in *United States* v. *Costello*, Judge Posner performed a Google search "of several terms in which the word 'harboring' appears" on the "supposition that the number of hits per term is a rough index of the frequency of its use." 666 F.3d 1040, 1044 (7th Cir. 2012). While these approaches had some methodological shortcomings,[4]

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[4] See, *e.g.*, *Muscarello*, 524 U.S. at 129 (Breyer, J.) (describing his own approach as "crude[]"); *State* v. *Rasabout*, 356 P.3d 1258,

they are laudable for their efforts to check the court's linguistic assumptions.

Corpus analysis simply empowers the judge to do this kind of linguistic research in a systematic fashion. Subsequent researchers can test the validity of any dataset by performing the corpus search again on their own. This approach does not supplant the judge as the ultimate decision maker. It simply furnishes the judge with more and better evidence to help inform her ultimate decision while simultaneously making the decision-making process more transparent.

3. Over the last few years, some judges have cautiously begun applying corpus linguistic tools and techniques to help resolve difficult cases. For example, in 2011 Justice Ginsburg cited corpus linguistics evidence during oral arguments in *FCC* v. *AT&T, Inc.*, 562 U.S. 397 (2011). See Transcript of Oral Argument in No. 09-1279 at 37. The case boiled down to whether the word "personal" as used in the Freedom of Information Act was merely the 'adjectival form' "of the noun person" so that the phrase "personal privacy" encompassed corporate privacy. See 562 U.S. at 406. While Chief Justice Roberts' majority opinion did not cite corpus linguistics directly, its reasoning largely tracked the amicus brief by the Project on Government Oversight, which did.

That same year, Justice Lee of the Utah Supreme Court became the first judge in the country to expressly use corpus linguistics in an opinion. *In re Adoption of Baby E.Z.*, 266 P.3d 702 (Utah 2011) (Lee,

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1280 (Utah 2015) (Lee, J. concurring) (critiquing Judge Posner's reliance on Google searches); Lee & Mouritsen, *supra* at 812-813 (same).

J. concurring). Relying on evidence drawn from Brigham Young University's Corpus of Contemporary American English (COCA),[5] he concluded that the term "custody determination" as used in the federal Parental Kidnapping Prevention Act did not extend to adoption proceedings because "the most common family-law sense of the word 'custody' occurs in the setting of a divorce." *Id.* at 724.

Since then, a number of other judges and justices around the country have followed suit.[6] For example, in the Michigan Supreme Court case *People* v. *Harris*, both the majority and dissent relied on the COCA to analyze whether someone had been forced to make an involuntary statement if the "information" he provided law enforcement officers was actually false. 885 N.W.2d 832. Justice Thomas likewise used corpus linguistics at the end of last Term in his dissent in *Carpenter* v. *United States*.[7]

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[5] Corpus of Contemporary American English, https://corpus.byu.edu/coca/.

[6] See, *e.g.*, *American Bankers Ass'n* v. *Nat'l Cred. Union Admin.*, 306 F. Supp. 44 (D.D.C. 2018) (citing the Corpus of Historical American English); *Fire Ins. Exchange* v. *Oltmanns*, 416 P.3d 1148, 1163 n.9 (Utah 2017) (Durham, J. concurring) ("[Corpus linguistic] tools for empirical analysis are readily available for lawyers and should be used when appropriate"); cf. *State* v. *Canton*, 308 P.3d 517 (interpreting the phrase "out of the state" based on an analysis of the use of that phrase in newspaper articles compiled through a Google News search).

[7] *Carpenter* v. *United States*, 138 S. Ct. 2206, 2238 nn. 2-5 (2018) (Thomas, J. dissenting) (citing four electronic databases of early American texts including the Corpus of Historical American English). Justice Thomas also cited a law review article that relied heavily on corpus linguistics in his concurring opinion in *Lucia* v. *S.E.C.*, 138 S. Ct. 2044, 2056-57 (Thomas, J. concurring) (citing

4. Before undertaking a corpus analysis, a judge must make certain preliminary decisions—namely, she must decide what the relevant speech community and time period should be. Evidence gleaned from a corpus is only helpful if the sources contained in the corpus are representative of the relevant speech community. James Cleith Phillips & Sara White, *The Meaning of the Three Emoluments Clauses in the U.S.* Constitution, 59 S. Tex. L. Rev. 181 (2018). A corpus composed entirely of transcripts from Argentinian telenovelas—no matter how large or meticulously scrutinized—cannot provide relevant evidence for investigating the speech patterns of American diplomats. Likewise, a 14th century legal corpus will likely be unhelpful in clarifying the meaning of modern statutes. But a corpus that is representative of the questions being asked is "is like Lexis on steroids." Brief for Open Government Project as Amicus Curiae at 14, *FCC* v. *AT&T Inc.*, 562 U.S. 397 (2011). Searching such a corpus for a particular term produces a set of real-world examples (called "KWIC" or "concordance lines") drawn from the database and showing how that term has actually been used within the relevant community during the relevant time period.

Unfortunately, courts are not always consistent in their answers to these preliminary questions with respect to statutory interpretation. For example, judges often justify their invocation of the ordinary meaning canon by citing the principle of fair notice. As Justice Oliver Wendell Holmes put it, "it is reasonable that a fair warning should be given to the world *in language that the common world will understand*, of what the

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Jennifer Mascott, *Who Are "Officers of the United States"?*, 70 Stan. L. Rev. 443 (2018).

law intends to do if a certain line is crossed." *McBoyle* v. *United States*, 238 U.S. 25, 27 (1931). This would suggest that the relevant speech community for understanding any statute is whatever community is regulated by that statute. See, *e.g.*, James Heilpern, *Dialects of Art*, 58 Jurimetrics 377, 380 (2018). Generally applicable statutes would therefore be presumed to be written in the language of the average American, and the proper corpus for analyzing that language would be a large, representative database of texts written in ordinary, American English. *Id.* at 394.[8]

But judges sometimes also acknowledge that statutory language can be a "virtually impenetrable thicket of legalese and gobbledygook." *Lamore* v. *Ives*, 977 F.2d 713 (1st Cir. 1992).[9] Some judges also believe that "[i]n the interpretation of statutes, the function of the courts is ... to construe the language so as to give effect to the intent of Congress," *United States* v. *Am. Trucking Ass'ns, Inc.*, 310 U.S. 534, 542 (1940), a Congress that is demographically wealthier, better educated, and with a greater percentage of lawyers than the nation as a whole.[10] Such statements would sug-

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[8] All of the judges that have cited corpus linguistics in opinions thus far have taken this approach.

[9] See also, *e.g. My Pie Int'l, Inc.* v. *Debould, Inc.*, 687 F.2d 919, 936 (7th Cir. 1982) (Eschbach, J. concurring in part and dissenting in part) (acknowledging that the statute was written in "nineteenth century legalese"); *Mich. Am. Fed. Of State Cty. & Mun. Employees Council 25, Local 1640* v. *Matrix Hum. Servs.*, 589 F.3d 851, 858 (6th Cir. 2009) (noting that the statute was "drafted in the 1930s using the legalese that was the vernacular of that era);

[10] Cf. Phillip Bump, *The New Congress is 80% white, 80 percent male and 92 percent Christian*, Washington Post, Jan. 5, 2015,

gest that the relevant speech community is either Congress or perhaps reasonably, well-educated lawyers, and that statutes are best understood as being written in a distinct dialect-of-art we might call *legalese*.[11] Corpus linguistics is still helpful for a judge who accepts this proposition—she would simply need to turn to a corpus of legal documents to investigate the statutory language.[12]

Professors Kiel Brennan-Marquez and Jill Anderson recently put it another way—judges disagree about whether statutes should be understood as "written-by humans" or "written-by-lawyers."[13] The answer to that question will determine the appropriate corpus.

Judges have likewise sent mixed signals about whether there is a temporal component to statutory interpretation. This Court has stated that "the most relevant time for determining a statutory term's

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available at https://www.washingtonpost.com/news/the-fix/wp/2015/01/05/the-new-congress-is-80-percent-white-80-percent-male-and-92-percent-christian/?utm_term=.c31a1c3edf0b.

[11] Some scholars have suggested the same with respect to the Constitution. See John O. McGinnish & Michael B. Rappaport, *Original Methods Originalism: A New Theory of Originalism and the Case Against Construction*, 103 N.W. Univ. L. Rev. 751 (2009).

[12] Cf. *State* v. *Rasabout*, 359 P.3d 1258,1266 (Utah 2015) (criticizing Justice Lee's use of a corpus that lacked legislative documents because "the 'idiosyncrasies' of the Utah Legislature constitute the rule of law in this state.")

[13] Kiel Brennan-Marquez & Jill Anderson, *The "Lawyer v. Human" Problem in Corpus Linguistics*, *available at* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3287336.

meaning" is the time period in which it "became law."[14] *MCI* v. *AT&T*, 512 U.S. 218 (1994). Yet, judges also frequently rely exclusively on *modern* dictionaries to interpret historic statutes.[15] This practice seems predicated on either an assumption that statutory language never suffers from "linguistic drift,"[16] or a belief that judges—when interpreting a historic statute—should give "fresh meaning to a statement" to reflect "modern needs and understandings" when "[t]imes [and language] have changed." *Hively* v. *Ivy Tech Community College of Indiana*, 853 F.3d 339, 353-54 (7th Cir. 2017) (Posner, J., concurring).

5. Regardless of how the Court chooses to answer these preliminary questions, it would benefit from the use of usage evidence derived from corpus tools and techniques. For this reason, we have analyzed the relevant statutory terms using a variety of corpora in order to investigate the statute's meaning in both ordinary American English and legalese at the time

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[14] Professor Lawrence Solum calls this the "Fixation Thesis." Lawrence B. Solum, *The Fixation Thesis: The Role of Historical Fact in Original Meaning*, 91 Notre Dame L. Rev. 1 (2015).

[15] See, *e.g.*, *Samsung Electonics* v. *Apple*, 137 S. Ct. 429 (2016) (relying predominantly on the American Heritage Dictionary (5th ed. 2011) to interpret the Patent Act of 1952); *Randall* v. *Loftsgaarden*, 478 U.S. 647 (1986) (Brennan, J. dissenting) (relying on Webster's Ninth New Collegiate Dictionary (1983) to interpret the Securities Act of 1933).

[16] "Linguistic Drift" refers to "the notion that language usage and meaning shifts over time." Thomas R. Lee & James Cleith Phillips, *Data-Driven Originalism*, 167 Penn. L. Rev. (forthcoming), *available at* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3036206.

the relevant provisions were passed and today. To do this, we utilized the following corpora:

- The Corpus of Contemporary American English (COCA), which "contains more that 560 million words of text (20 million words each year 1990-2017) ... equally divided among spoken, fiction, popular magazines, newspapers, and academic texts."[17]
- The Corpus of Historical American English (COHA), which "contains more than 400 million words of text from the 1810s-2000s" drawn from historical fiction books, magazines, newspapers, and non-fiction books.[18]
- The Corpus of the Supreme Court of the United States, which "includes all opinions in the United States Reports and opinions published by the Supreme Court through the 2017 term."[19]

COCA and COHA were used to investigate what we call "Ordinary American English." We limited our COHA search to only those texts within the corpus published between 1826 and 1836 in order to generate a sample of written vernacular around the time the relevant language was first passed by Congress in 1831. The Corpus of the Supreme Court—which we

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[17] Corpus of Contemporary American English, https://corpus.byu.edu/coca/.

[18] Corpus of Historical American English, https://corpus.byu.edu/coha/.

[19] Corpus of the Supreme Court of the United States, https://lawcorpus.byu.edu/coscotus.

also limited to only those cases issued between 1826 and 1836—was used as a proxy for historic legalese.[20]

In addition, we created two small corpora of our own to supplement our findings. The first is a corpus composed of all publicly-available text on Oracle's own website. The second contains 222 contracts to which Oracle was a party, each drawn from the LawInsider Database. These were examined using AntConc, a free corpus software platform for analyzing custom corpora.

6. As previously mentioned, the Ninth Circuit's holding rests on the presumption that its reading of the Copyright Act's cost provision is the *only* plausible interpretation that gives effect to each and every word of the statute. Our analysis proves this to be false. Based upon our analysis of a simple random sample[21] of concordance lines—actual examples of usage—containing the word "full" generated from each of our five corpora, there are at least two other linguistically-sound constructions of Section 505 that do not "read full out of the statute." The most natural reading is to

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[20] Although all of the evidence points in the same direction here, it will not always in every case. We therefore urge the Court to clearly articulate its normative preferences to the questions posed above, and then rely on the corresponding set of data provided to answer the question. (i.e. A judge who believe statutes should be interpreted in light of the vernacular of the period it was passed should rely on the COHA dataset).

[21] Each of our samples was large enough to give us at least a 95% confidence interval with only a 4% margin of error. "Full" appeared in the COHA (1826-1836), COCA, Oracle Website, and Oracle Contract corpora 4106; 11,335; 1618; and 649 times, respectively. Our samples for each were therefore 525, 600, 384, and 312. We reviewed all 1026 hits for "full" in the Corpus of the Supreme Court (1826-1836). Our raw data can be accessed at https://goo.gl/Tmjnra.

assume that "full" simply clarifies that a court may award all of the costs allowed under Section 1920 but no more. In the alternative, the Court could conclude that "full" is a delexicalized adjective (as it usually is in legal writing), meaning its primary effect is to emphasize rather than add additional semantic content to the sentence. Although both of these possibilities will be explained in greater detail below, it does not matter which reading the Court ultimately decides to adopt—the mere presence of plausible alternatives destroys the "plain evidence" of "*clear* ... congressional intent to supersede" Section 1920's statutory definition of costs that the Ninth Circuit claims to have found.

II. Any meaning the Court attributes to "full" must be limited and controlled by the term of art it modifies.

This Court has long held that its statutory interpretations must be governed by basic "rules of grammar." See *Dept. of Housing & Urban Develop.* v. *Rucker*, 535 U.S. 125, 131 (2002) (reversing lower court's interpretation because it "runs counter to basic rules of grammar"); *Rowland* v. *Cal. Men's Colony*, 506 U.S. 194, 205 (1993) (rejecting petitioner's statutory argument because "it would wrench the rules of grammar to read" the statute that way); *United States* v. *Goldenberg*, 168 U.S. 95, 103 (1897) ("[The lawmaker] is presumed to know the ... rules of grammar."); see also Scalia & Garner, Reading Law at 140 ("Words are to be given the meaning the proper grammar and usage would assign them."). The Ninth Circuit's holding violated that principle by completely ignoring the essential relationship between nouns and adjectives.

An adjective is a "word[] that modif[ies] nouns and pronouns, primarily by describing a particular quality of the word it is modifying." Adjective, dictionary.com (last visited Nov. 19, 2018). "[I]n syntactic representations the adjective is a subordinate category, a dependent of the noun ... that it modifies." A. Spencer, et al., *The Oxford Handbook of Compounding*, 47 J. Linguistics 481, 489 (2011). In layman's terms, this means that in the relationship between adjectives and their nouns, the noun is king—an adjective's meaning and scope is always relative to the noun it is modifying. The expression "a tall seven-year-old" evokes a very different standard of tallness than a "a tall NBA player."

When adjectives are polysemous—linguist-speak for having multiple but related meanings—they "depend on nouns for ambiguity resolution." Martin Haspelmath, *On understanding word order asymmetries*, 28 Theoretical Ling. 159, 164 (2002). This should be an incredibly uncontroversial point. The adjective "long" means one thing when modifying "story" and something else entirely when modifying "table." It is the noun that indicates which meaning should prevail.

This is true even when the noun is a term of art. For example, in common parlance, the word "hit" can take multiple meanings: It can mean "an impact or collision;" or "a successful stroke, performance, or production;" or a "dose of a narcotic drug."[22] But in baseball, "hit" has a technical meaning that refers specifically to instances "when a batter strikes the baseball into fair territory and reaches base without doing so on an error

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[22] Hit, dictionary.com (last visited Nov. 16, 2018).

or a fielder's choice."[23] When discussing baseball, any adjective that modifies "hit" (i.e. *hard, long, powerful, magical, ugly*) must be understood in reference to that technical meaning, even if the full phrase might be understood differently in another context. Put another way, an adjective can hardly ever decontexualize a noun.

But that is the exact opposite of what the Ninth Circuit held. Despite the fact that in the context of federal litigation, "costs" is a "term of art" with a well-defined meaning, the Ninth Circuit concluded that by adding the word "full," Congress intended to strip "costs" of its technical meaning because all other interpretations would "effectively read[] the word 'full' out of the statute." That violates the basic grammatical principle that nouns govern adjectives, not the other way around. It is as absurd as saying that a newspaper article reporting that "Steve Pearce had two full hits during Game 5 of the World Series," was accusing the Red Sox' MVP of taking drugs because keeping the technical meaning of "hit" would "effectively read[] the word 'full' out of the" sentence.

This is not just an exercise in abstract, grammatical theory. Our corpus research shows that the meaning of the word "full" is always determined in reference to the word it is modifying. Consider the following lists of common nouns paired with "full" in each of our three main corpora[24]

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[23] Hit (H), Major League Baseball, http://m.mlb.com/glossary/standard-stats/hit (last visited Nov. 16, 2018).

[24] These lists were generated using a corpus tool known as collocation. Collocation is the tendency for words to co-occur with

> COCA: Full time, full moon, full range, full day, full name, full circle, full force, full swing, full speed, full house, full length, full lips, full spectrum, full cost, full Senate, full scholarship, full benefits, full size, full accounting, full value, full screen, full frontal, full count, full beard, full gallop.
>
> COHA (1826-1836): Full extent, full speed, full view, full length, full assurance, full effect, full confidence, full force, full share, full moon, full power, full justice, full knowledge, full possession, full gallop, full enjoyment, full tide, full heart, full hour, full credit, full development, full value, full operation, full stop.
>
> Corpus of the Supreme Court (1826-1836): full consideration, full operation, full examination, full dominion, full satisfaction, full execution, full compensation, full investigation, full conviction, full possession, full description, full discussion, full exposition, full administration, full confirmation, full contemplation, full contribution, full exhibition, full illustration, full indemnification, full justification, full reinvestigation, full recognition, full remuneration.

As Petitioners suggest, the word "full" often "denotes that the limits of whatever is being modified have been reached." (Pet. Br. 16). When that is true, those outer limits (not to mention the unit of measurement) are determined by the noun *in context*. This point can be

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other words in the corpus. You can recreate our search by searching for noun collocates one place to the right of "full" in each corpus. To access the full lists, see the Collocates-Full tab of https://goo.gl/Tmjnza

demonstrated with a quick review of concordance lines drawn from the COCA of the phrase "full house."

- The full House vote is expected tomorrow.
- Expect a full house for Ben Folds.
- James also returns to a full house: last year he married his Danish fiancé[e], Louise Holm, and the couple has a fifteen-month old daughter named Amelia.

In each case, the noun's fixed, contextualized meaning determines the scope and meaning of "full," not the other way around.[25] The addition of an adjective does not decontextualize the noun.

Furthermore, our research revealed many examples of "full" being used to describe a specific quantity or condition, even though that quantity or condition did not represent the literal maximum of whatever is being measured. Thus, a person who puts in a "full day of work" is presumed to have worked eight or nine hours, not twenty-four. Milk does not need to be anywhere close to 100% cream to be said to contain "full cream"—3-4% will suffice. Likewise, a parking lot can be considered "full" even if the handicap spots remain empty. In these cases, the government or some other external body actually plays a hand in defining "full".

In light of all this, the Ninth Circuit's interpretation is linguistically untenable. As explained below, the contextualized meaning of "costs" has been fixed by statute. The addition of the word "full" should

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[25] We must distinguish these examples from instances where the addition of an adjective creates a compound noun, such as the term "full house" in poker.

not—indeed cannot—change that. Instead, the most natural way to read the statute is to interpret "full" as simply clarifying that a court may award all of the costs allowed under Section 1920 and no more.[26]

III. The word "full" is often delexicalized.

Another defect in the Ninth Circuit's opinion is that it is based on a clumsy application of the rule against surplusage. Although it is true that "[i]f possible, every word and every provision [of a statute] is to be given *effect*," Antonin Scalia & Bryan A. Garner, Reading Law 174 (2012) (emphasis added), this does not mean that each word must make some unique definitional contribution to the sentence's meaning. Words can often play a functional role. As a "linguistic canon of construction" the rule against surplusage is intended to merely "reflect[] the nature or use of language generally." Francis Bennion, Statutory Interpretation 805 (2d ed. 1992). In other words, the applicability of this canon in a given context "stand[s] or fall[s] by [its] accuracy in reflecting relevant linguistic practices" of the relevant speech community, whether that be the general population or "those who write and read legislation." William Baude & Stephen E. Sachs, *The Law of Interpretation*, 130 Harv. L. Rev. 1079, 1125 (2017).

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[26] This reading is strengthened further by our corpus analysis, which reveals that one of the most common adjectives to modify *costs* in Supreme Court opinions is "double." See, *e.g.*, *Chambers* v. *NASCO, Inc.*, 501 U.S. 32, 40 (1991) ("The court imposed appellate sanctions in the form of attorney's fees and double costs."); *Talamini* v. *Allstate Ins. Co.*, 470 U.S. 1067, 1068 (1985) ("[A]ppellee requests the Court to award it 'double costs.'") An award of double costs references costs as defined in statute, not double all litigation expenses. In § 505, though, Congress limited recovery to just "*full* costs."

A. "Delexicalization" is common in American English.

Linguists have long noted that individual "words in English do not normally constitute independent selections." John Sinclair, Trust the Text: Language, Corpus and Discourse 20 (2004). Instead, we think, speak, and write in linguistic bundles. "Rather than choosing each word carefully and independently to convey an intended meaning, the choice of a given word often conditions the choice of the next word." Stephen Mouritsen, *Contract Interpretation with Corpus Linguistics*, 94 Wash. L. Rev. (forthcoming 2019). As a result, "[t]he meaning of words chosen together is different from their independent meanings." Sinclair, Trust the Text 19.. Linguists refer to this phenomenon as "co-selection." Mouritsen, 94 Wash. L. Rev.

Consequently, linguists have observed "a broad general tendency for frequent words"—such as "full", the 504th most common word in modern English[27]—"to have less of a clear and independent meaning than less frequent words." John Sinclair, Corpus, Concordance, Collocation (1991). This phenomenon is known as "delexicalization" and results in a "reduction of the *distinctive contribution made by that word*" to the overall meaning of any given sentence. *Id.* (emphasis added).

Delexicalized adjectives abound in English: "clenched fist," "free gift," "advanced planning," "full capacity," "past experience," etc.[28] "In all these cases if

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[27] See Mark Davies, Word Frequency Data, https://www.wordfrequency.info/free.asp?s=y (last visited Nov. 16, 2018).

[28] For a more extensive list of common redundant expressions in English, see Richard Nordquist, *200 Common Redundancies in English*, ThoughtCo, https://www.thoughtco.com/common-redundancies-in-english-1692776 (last visited Nov. 15, 2018).

the adjective is removed there is no difficulty whatsoever in interpreting the meaning of the noun in exactly the way it was intended." Sinclair, Trust the Text at 21. Although such adjectives add little or nothing to the overall *meaning* of the sentence, this does not mean that they have no "effect." Scalia at 174; see also Sinclair, Trust the Text, at 22 ("The adjective ... is simply underlining part of the meaning of the noun."); Michael Guest, *Which Words?* 22 Japan Ass'n for Lang. Teaching 169, 171 (2000) (an adjective that has been delexicalized "has a use or function rather than a meaning"); Elena Tognini-Bonelli, Corpus Linguistics at Work 116 (2001) (delexicalized words "acquire[] other functions within a larger unit"). They primarily serve an "emphatic descriptive modifying function," V. Gonzalez-Diaz, *Great Big Stories and Tiny Little Changes: Tautological size-adjective clusters in present-day English*, 22 Eng. Lang. & Ling. 499 (2018), a way of drawing attention to or "underlining part of the meaning of the noun" Sinclair, Trust the Text at 22.

Indeed, linguist John Sinclair studied the delexicalization of "full" nearly thirty years ago. *Id.*at 22. Our analysis confirm his findings. We found that often—in both ordinary American English and legalese—"full" is not essential to the overall semantic meaning of a sentence, but instead functions as a "type[] of reassurance more than anything else." *Id.* Accordingly, the Ninth Circuit's invocation of the surplusage canon distorts rather than reflects the true nature and use of the word "full".

B. "Full" is often delexicalized in ordinary American English.

Just as the word "clenched" only emphasizes the inherent nature of a "fist," the word "full" often serves to

emphasize the already-presumed completeness of the noun it modifies. Our analysis revealed that "full" was delexicalized in this manner in approximately 46% of all of the concordance lines extracted from the COHA.[29] But our sample included a full 152 instances of the expression "full *of*" (i.e. full of hope, full of fear, full of cherries)—many of which were abstract and metaphorical. When one excludes these "full of" concordance lines and focuses exclusively on instances where "full" was directly modifying a noun, the number of delexicalized sentences goes up to 64%.

More important than the overall statistics is the fact that the sentences in which "full" was delexicalized were those that most resembled the usage and structure of Section 505—sentences where "full" immediately preceded the noun and was not part of a broader idiom. Consider the following real-world examples that appeared in actual texts published during the decade the Copyright Act was first passed. We've placed the word "full" placed in brackets to more clearly show that its absence would not change meaning:

- Clanton's blunder in this particular exposed the [full] depth of his villainy[.][30]

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[29] Our results can be accessed at https://goo.gl/Tmjnra under the "COHA-Full" tab. To replicate our results, search COHA for "full" for the years 1826-1836 and generate a simple random sample of 1000. Corpus of Historical American English, BYU Corpora, https://corpus.byu.edu/coha/.

[30] H.R. Howard, The History of Virgil A. Stewart and his Adventure in capturing and Exposing the Great 'Western Pirate' and his Gang 165 (1836).

- She has the [full] power, as a man of [full] age has, to make any contract concerning property.[31]
- His ancestors were of the number of those Protestants, who were driven from France on the occasion of the revocation of the edict of Nantz, and bore their [full] share in the sufferings of that disastrous time.[32]
- Even while Juan doubted not that Guzman's skill and fortitude would insure him a [full] triumph, and final liberation, he could not but be struck with horror[.][33]
- Being, however, a [full] believer in the Malthusian theory, that population is always disposed to increase so rapidly as to be threatened with starvation ... he asserts that population has increased much faster than capital[.][34]

The same is true for the sample drawn from the COCA, where "full" appeared to be delexicalized 36% of the time. Again, note the grammatical similarities of these examples to the statutory provision at issue here:

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[31] William Sullivan & George Barrell Emerson, The Political Class Book: Intended to Instruct the Higher Classes in Schools 120 (1831).

[32] William Jay, *The Life of John Jay*, 37 N. Am. Rev. 315, 316 (1833).

[33] Robert Montgomery Bird, The Infidel's Doom 109 (1840).

[34] Henry Charles Carey, Essay on the Rate of Wages, with an Examination of the Causses of the Differences in the Condition of the Labouring Population Throughout the World 232 (1835).

- That opportunity will not last, if we allow him to find the [full] protection of the barricades in the city.
- Treatment begins with a thorough sexual history to assess the [full] extent of the problem.
- Then he smiles and kisses me [full] on the mouth.
- That amount of data—taking [full] advantage of current communication techniques—can be transmitted in a second.
- Among their provisions, the new standards require tank car steel to be a [full] inch thick.

The rate of delexicalization rose once again—this time by a full fourteen percentage points—when the "full of" constructions were excluded.

Oracle's own writing epitomizes this trend. Consider the following actual examples taken from Oracle's website:

- JavaOne4Kids provides a [full] day of learning opportunities for students.
- Read the [full] press release from OpenWorld 2017.
- The report emphasizes the importance of incorporating AI into an overall business strategy to realize its [full] potential for guests, employees and the organization as a whole.
- HR and Finance: Unlocking the [Full] Potential of the Strategic CRHO.
- You can read the [full] details of the adoption story on Adam's blog.

Of all our corpora, Oracle's website was the most likely to use "full" in a way that resembled its use in Section 505, resulting in an overall delexicalization rate of 78%.[35]

C. "Full" is delexicalized in legalese.

Delexicalization appears to be an even more common phenomenon in legal writing. Our analysis of 19th Century opinions of this Court revealed that during the decade in which the relevant language was first passed (1826-1836), "full" was delexicalized just under 70% of the time. Unsurprisingly, these concordance lines looked a lot like provision at issue here. The following are just a few of hundreds of examples drawn from the corpus in which the effect of "full" was principally one of emphasis rather than additional meaning.

- He has not said ... that in every possible case, a fraudulent intent on the part of the grantor would avoid a deed to a bona fide purchaser for a [full] and valuable consideration having no knowledge of the fraud.[36]
- The principle asserted is that the creditor has a right to his debtor 's property by virtue of the obligation of the contract, to the [full] satisfaction of the debt[.][37]
- A monition from the Admiralty was sued out to the captor's agent, to respond to the captain's

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[35] Our raw data can be accessed under the "Oracle Contracts" tab at https://goo.gl/Tmjnra.

[36] *Brooks* v. *Marbury*, 24 U.S. 78 (1826).

[37] *Ogden* v. *Saunders*, 25 U.S. 213, 310 (1827).

> demand for freight, to the [full] amount decreed to him.[38]
>
> - The judgment was in [full] force, and warranted the issuing of this execution[.][39]

The same is true in modern legal writing, as exemplified by Oracle's own contracts. There "full" was delexicalized 70.6% of the time, as in the following examples:

- [T]he Borrower shall timely pay the [full] amount deducted to the relevant Government Authority in accordance with applicable law.
- Tenant has designated Richard Henson as its sole representative with respect to the matters set forth in this Work Letter, who shall have [full] authority and responsibility to act on behalf of the Tenant as required in this Work Letter.
- Epstein agrees that the foregoing payment constitutes consideration for [full], complete and final settlement and release of any and all claims[.]
- Except as provided herein, all other terms and condition of the Lease remain in [full] force and effect.

These results should not surprise anyone familiar with legal drafting. As Professor Linda D. Jellum put it, "Legal drafters often include redundant language on purpose to cover any unforeseen gaps or simply for no good reason at all. And legislators are not likely to

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[38] *Ramsay* v. *Allegre*, 25 U.S. 611, 630 (1827).

[39] *Bank of United States* v. *Bank of Wash.*, 31 U.S. 8 (1832).

waste time or energy arguing to remove redundancy when there are more important issues to address." Linda D. Jellum, Mastering Statutory Interpretation 104 (2008). Even Justice Scalia—a champion of the rule against surplusage—acknowledged that "[s]ometimes drafters *do* repeat themselves and *do* include words that add nothing of substance, either out of a flawed sense of style or to engage in the ill-conceived but lamentably common belt-and-suspenders approach." Antonin Scalia & Bryan A. Garner, Reading Law 179 (2012). These observations were confirmed by a recent survey of Congressional staffers, which revealed that a large majority of legislative drafters intentionally "err on the side of redundancy to 'capture the universe' or 'because [they] want to be sure [they] hit it.'" Abbe R. Gluck & Lisa Schultz Bressman, *Statutory Interpretation From the Inside—An Empirical Study of Congressional Drafting, Delegation, and the Canons: Part I*, 65 Stan. L. Rev. 901, 934 (2013).

In light of this, the most natural reading of Section 505 is to interpret "full" as a delexicalized adjective. It's "effect" is merely to underline the fact that all of the costs available under Section 1920 may be awarded, rather than to alter the ordinary legal meaning of "costs."

IV. Judges and Congress consistently use the phrase "full costs" in a way that excludes expert witness fees.

Moreover, as Petitioners have explained, both Congress and the Supreme Court have "long distinguished costs, fees, and expenses." (Pet. Br. 26 (internal quotations omitted)). Our findings discussed below confirm that this true. This strengthens the reliability of our corpus analysis.

1. As Professors Larry Solan and Tammy Gales put it, "the strongest cases for using corpus analysis are ones in which not only does one meaning predominate over an alternative meaning in an appropriate corpus, but the second, less common meaning is generally expressed using language *other than* the language in the disputed statute." Lawrence M. Solan & Tammy Gales, *Corpus Linguistics as a Tool in Legal Interpretation*, 2017 B.Y.U. L. Rev. 1311, 1315 (emphasis added).

The Court's approach in *West Virginia University Hospitals, Inc.* v. *Casey* is informative. 499 U.S. 83 (1991). In *Casey*, the Court held that expert witness fees were not considered part of attorneys' fees, surveying federal case law to show that judges typically referred to expert witness fees and attorneys' fees as "separate categories of expense." *Id.* at 93-95 (listing dozens of cases). Thus, the fact that the Seventh Circuit once stated that the "costs awarded by the [district] court" included both "$1,700 for plaintiff's expert witness ... *and* attorneys' fees $15,660" was linguistic evidence that it did not consider expert witness fees to be "an *element of* attorney's fees." *Id.* at 92-93.The Court listed thirty-four such cases, while noting that it could find "no support" for the inverse proposition. *Id.* at 94.

2. The same line of reasoning can be used to assess whether judges consider expert witness fees and other nontaxable costs to be *elements of* "full costs" or instead treat them as "separate categories of expense." Modern legal databases make this inquiry much easier and systematic than it was in 1991. A simple search of all federal cases in Westlaw for the phrase "full costs *and*" reveals hundreds of cases where judges have

clearly felt the phrase "full costs" did not include certain categories of litigation expenses.

Attorneys' fees is the most common category excluded[40]—with judges specifically contrasting attorneys' fees (or its synonyms) with "full costs" in 392 of the 486 cases. Other terms specifically excluded include "expenses,"[41] "fees,"[42] "expert witness fees,"[43]

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[40] See, *e.g.*, *United States* v. *Reese*, 92 U.S. 214 (2 Otto) (1875) ("[F]or every offence, [he] shall forfeit and pay the sum of $500 to the person aggrieved thereby, to be recovered by an action on the case with full costs, and such allowance for counsel-fees as the court shall deem just."); *J&J Sports Prods., Inc.* v. *Evolution Entertainment Grp., LLC*, 2014 WL 2066809 (E.D. La. 2014) ("The statute allows an aggrieved party who prevails to recover full costs and reasonable attorney's fees.").

[41] The category of "expenses" was excluded from "full costs" in 40 cases. See, *e.g. Waste Control Specialists, LLC* v. *Envirocare of Tex., Inc.*, 199 F.3d 781, 787 (5th Cir. 2000) (opinion withdrawn) ("We therefore conclude that WCS is entitled under the statute to the full costs *and expenses*[.]); *In re Lipset*, 119 F. 379 (S.D.N.Y. 1902) ("[T]he court will speedily find a remedy therefor[e] by the imposing of the full costs *and expenses* occasioned by such undue exercise of the power of examination.");

[42] Contrasted with "full costs" in 9 cases. See, *e.g. Innovative Sports Management, Inc.* v. *Adriana, Inc.*, 2014 WL 1491339, at *4 (E.D. Va. Feb. 3, 2014) ("Plaintiff's Complaint sought ... full costs and expenses."); *Imaginary Images Inc.* v. *Evans*, 2009 WL 2488004, at *2 (E.D. Va. Aug. 12, 2009) ("Defendants make no specific argument as to the validity of these costs ... and therefore [are] not entitled to full costs and fees.");

[43] Contrasted with "full costs" in 5 cases. See, *e.g.*, *Express LLC* v. Forever 21, 2010 WL 11512410 (C.D. Cal. Nov. 15, 2010) ("[T]he Copyright Act provision permitting recovery of "full costs" ... makes no reference to witness fees.").

"professional fees,"[44] and "interest."[45] Some of these cases are more than two centuries old, predating the passage of the relevant language in the Copyright Act. For example, in *The Betsy*, Justice Story ordered the restoration of captured cargo "upon the payment of the full costs and expenses of the captors."[46]

This widespread practice—across time and a variety of diverse jurisdictions—of excluding various categories of litigation expenses from "full costs" forecloses the holding below. Were "full costs" to mean all litigation expenses as the Ninth Circuit has held, there would have been no need for these judges to specifically mention attorneys' fees, expert witness fees, expenses, and the like. "Full costs" would have covered it all.

Of course, this is not dispositive. As mentioned above, legal language is rife with duplicative language. But it would be odd to dismiss this evidence of linguistic practice within the judiciary as merely duplicative language in order to support a holding premised on a presumption that legal language is *never* duplicative—especially when corpus evidence suggests at least two more natural readings of the statute.

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[44] *SEC* v. *Utsick*, 2009 WL 1606511, at *9 ("The SEC's report recommended that Michaelson recover full costs and $2,643.75 in fees for certified public accountant['s] ... work. With respect to the remaining $41,050 in professional fees, the SEC recommended that Michaelson submit biographies and descriptions of the work performed by other employees.).

[45] Contrasted with "full costs" in 6 cases. See, *e.g.*, *Hygrade No. 24, the* v. *the Dynamic*, 143 F. Supp. 634 (E.D.N.Y. 1955) ("The libellant claims full costs and interest.").

[46] *The Betsy*, 3 F. Cas. 299, 303 (D. Mass. 1815) (Story, J.).

3. An analysis of Congressional use of the phrase "expert witness fees" specifically—the largest nontaxable cost at issue here—further supports this conclusion. "Expert witness fees" are mentioned in the U.S. Code eighty-two different times across sixty-one sections. In a majority of these (~54%) expert witness fees are lumped in with other "costs of litigation."[47]

But when this happens, it is almost always as a parenthetical using a particular formulation: "The court ... may award costs of litigation (including reasonable attorney and expert witness fees)."[48] This formulation is itself striking because it indicates that attorneys' fees and expert witness fees are typically not considered part of the "costs of litigation," or else they would not need to be singled out as included.[49] In

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[47] Although "costs of litigation" is the most common formulation, sometimes they are called "costs of suit," *e.g.* 15 U.S.C. 2060(c); "costs of defending the action," *e.g.* 42 U.S.C. 9607(p)(7); "costs of filings and pursuing the protest," 31 U.S.C. 3554(c)(1)(A), etc.

[48] See, *e.g.*, 12 U.S.C. 5567(c)(5)(C); 49 U.S.C. 30171(b)(6)(B). Less often, Congress will use the exact same language but without the parentheses. See, *e.g.*, 30 U.S.C. 1427(c) ("The court ... may award costs of litigation, including attorney and expert witness fees).

[49] In a manner, it would be odd for someone say "The entire Supreme Court was there (including Justice Kagan)" unless there was some *reason* for the reader to otherwise expect Justice Kagan to be absent. But it would not be odd for someone to say "The entire Supreme Court was there (including Justice O'Connor)" since retired justices are not typically considered part of the Supreme Court.

fact, in the U.S. Code the term "costs of litigation" appears on its own three times as often as it does with these sorts of parenthetical provisos.[50]

Elsewhere in the U.S. Code, "expert witness fees" are categorized as "expenses" (19.3%), "damages" (2.2%), and "special damages" (2.2%).[51] Here too, expert witness fees are mentioned only parenthetically, implying that expert witness fees are only available when Congress specifically makes them available. Congress has not done so here.

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[50] *Compare* Westlaw search for "costs of litigation" in U.S. Code (157) *with* "costs of litigation including" in U.S. Code (39).

[51] See, *e.g.* 5 U.S.C. 3330c(b) ("A prefence eligible who prevails ... shall be awarded ... expertwitness fees, and other litigation expenses."); 30 U.S.C. 1270(f) ("Any person who is injured ... may bring an action for damages (including ... expert witness fees"); 7 U.S.C. 26(h)(1)(C) ("Relief for an individual prevailing ... shall include ... compensation for any special damages sustained ... including ... expert witness fees). Our full dataset can be accessed under the "U.S. Code: Expert Witness Fees" tab at https://goo.gl/Tmjnra.

CONCLUSION

The Ninth Circuit's interpretation of "full" is linguistically untenable and therefore legally insufficient to alter the statutory definition of "costs." The decision should be reversed.

Respectfully submitted,

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APPENDIX

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No. 17-1625

IN THE

Supreme Court of the United States

RIMINI STREET, INC., ET AL.,
Petitioners,

v.

ORACLE USA, INC., ET AL.,
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF OF *AMICI CURIAE* SCHOLARS OF LINGUISTICS IN SUPPORT OF RESPONDENTS

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QUESTION PRESENTED

Whether the Copyright Act, which gives courts "discretion" to award prevailing parties their "full costs," authorizes recovery of the full range of litigation costs, or authorizes recovery of only the subset of costs that are taxable under 28 U.S.C. § 1920.

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INTEREST OF *AMICI CURIAE*[1]

Amici are scholars of linguistics, which is the scientific study of language structure, meaning, and use. The discipline has been one of the most influential and pioneering contributors to the modern social sciences with respect to empirical coverage, methodological rigor, and interdisciplinarity.

By nature of their academic and professional work, *Amici* are deeply familiar with syntax and grammatical analysis, linguistic theory, language universals and typology, English grammar, and English as a global language. They are professors of linguistics at universities across the country:

- Dr. Patrick Farrell is a former chair and current professor in the Department of Linguistics at the University of California, Davis. He is a Fellow of the Linguistic Society of America ("LSA"), for which he serves as Editor of the Proceedings of the LSA, Chair of the Committee on Publications, and Publications Advisor. His published work, which has appeared in numerous journals, proceedings, and books, focuses primarily on issues in English and comparative syntax and semantics from various theoretical orientations in both generative and cognitive/functional traditions. His research also encompasses aspects of the grammar of

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[1] Pursuant to Supreme Court Rule 37.3(a), *Amici Curiae* state that counsel for all parties consented to the filing of this brief. Pursuant to Supreme Court Rule 37.6, *Amici Curiae* state that no counsel for any party authored this brief in whole or in part, and that no person or entity aside from counsel for *Amici Curiae* made any monetary contribution intended to fund the preparation or submission of this brief.

Romance languages and issues of meaning and culture and language learning and teaching.

- Dr. Farrell Ackerman is a professor of linguistics and director of the Human Development Sciences program at the University of California, San Diego. He is a co-developer of Word and Pattern approaches to grammar analysis. These information-theoretic and computational models explore the nature of systemic organization as investigated in sister developmental disciplines that take an epigenetic and systems view of explanation in biology and psychology. He is the author of three books on grammar analysis and has published numerous articles and book chapters. He is a past associate editor of the journal *Language* and is presently on the board of the journal *Word Structure.*
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- Dr. Adele Goldberg is a professor of linguistics and psychology at Princeton University. She has received numerous awards and fellowship grants

for her work on the psychology of grammar, including theoretical and experimental aspects of grammar and its representation, acquisition of form-function correspondences, and syntac priming.

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Amici are filing this Brief because they believe that language matters in a law-governed society and that the meanings of words provide clear guarantors for expectations encoded in law. *Amici* believe that Respondents were correctly awarded the "full costs" of their litigation against Petitioners, applying a reading of the statutory term "full costs" that comports with fundamental and well-established principles of linguistics as applied to the plain text of the Copyright Act.

SUMMARY OF ARGUMENT

The Ninth Circuit held in the matter below that the phrase "full costs" in Section 505 of the Copyright Act refers to both taxable and non-taxable litigation costs—in other words, that it refers to all costs of litigation. *Oracle USA, Inc. v. Rimini Street, Inc.*, 879 F.3d 948 (9th Cir. 2018); Pet.App.1a-35a; 17 U.S.C. § 505.

A linguistic analysis of Section 505 supports this plain reading of the statutory text. In essence, linguistic analysis confirms what every speaker knows: speakers select words for meanings that convey their intentions. Principles of linguistics thus comport with familiar canons of statutory construction, in particular that all words in a statute are presumed to have an identifiable meaning upon which interpretation is based and from which expectations are derived.

The ordinary meaning of the word "full" is "complete" or "total." Under standard principles of linguistics, when "full" is used to modify "costs," it must refer to "all" costs, not just "some" costs. These principles include the "principle of compositionality," under which the meaning of an expression is a function of the meanings of its parts and of the way they are syntactically combined—to take the present example, in the phrase "full costs," meaning must be given to both the words "full" and "costs." And these principles include the "meaning contribution" of adjectives in phrases where they combine with nouns, which holds that adjectives that precede a noun or nominal phrase must contribute to the meaning of the phrase containing them. Here again, "full costs" means something more than "costs." Applying these principles in the context of the Copyright Act,

awarding a party "full costs" means all of the costs accrued by that party.

Certain linguistic scholars (the "Corpus Linguistics *Amici*") have submitted a brief on behalf of Petitioners. They assert first that "full costs" means the costs that are otherwise understood to be awardable under the general federal cost-shifting statute, 28 U.S.C. § 1920. They assert, second, that the word "full" is often "delexicalized," *i.e.*, that it simply draws attention to a meaning already present in the noun it modifies but offers no independent import to the phrase. For both reasons, they argue that the adjective "full" provides no additional meaning to "costs" in Section 505.

Neither argument is persuasive. First, the word "full" has meaning when modifying a noun or nominal phrase, like "costs," where the noun or phrase in and of itself does not include completeness as part of its meaning. This conclusion is strengthened by Congress' decision to use the word "full" in Section 505 and not in other statutes such as Section 1920, which decision should be given full effect. The present language is utterly unambiguous: "full" must mean "full." If it does not, language as a social convention and tool for lawmaking becomes useless.

Second, delexicalization is a rarely applicable concept in linguistics, as it is a concept that words mean nothing, or that they mean something other than what persons of ordinary understanding would expect. In the uncommon cases where this occurs, it is an exception and not the general rule, and does not apply here. The most the Corpus Linguistics *Amici* show is that the word "full" in different situations has different meanings—but that is simply an application of the common sense principle of linguistics that

words can be "polysemous," or have different meanings in different contexts. The point of linguistics, including corpus analysis, is not to identify alternative but implausible meanings; it is to identify the ordinary, expected, and intended meaning. Here, the existence of alternative meanings for the word "full" in different contexts does not justify adopting an implausible reading of the word, or reading it out of the statute altogether.

ARGUMENT

I. LINGUISTIC ANALYSIS IS CONSISTENT WITH CANONS OF STATUTORY INTERPRETATION AND IS RELEVANT TO DETERMINING THE MEANING OF THE WORD "FULL."

Linguistics is the scientific study of language. The principles of linguistics, while phrased in the specialized language of the discipline, will be familiar to judges and lawyers who practice statutory interpretation. Linguists, like judges, look to words for clarity. They identify the meanings of words, and they calculate how the combined meanings of words create composite meanings for phrases and sentences. These phrasal meanings constrain interpretations by native speakers, who share the same code. These shared interpretations guide expectations and beliefs upon which speakers predicate their behaviors. In short, speakers trust that their interlocutors or writers of relevant texts are participating in standard canons of communication.

To appreciate the meaning of the Copyright Act's reference to "full costs" from the perspective of linguistics, it is first necessary to briefly discuss fundamental principles that guide a linguistic theory of meaning.

The first is the "principle of compositionality," according to which "[t]he meaning of an expression is a function of the meanings of its parts and of the way they are syntactically combined." Barbara H. Partee, *Formal Semantics*, in MARIA ALONI AND PAUL DECKER, THE CAMBRIDGE HANDBOOK OF FORMAL SEMANTICS 3-32, 7 (Cambridge Univ. Press 2002); *see also* Barbara H. Partee, *Compositionality and Coercion in*

Semantics: The Semantics of Adjective Meaning, in GERLOF BOUMA ET AL., COGNITIVE FOUNDATIONS OF INTERPRETATION 145-161, 147 (Royal Netherlands Academy of Arts and Sciences 2007). For example, the meaning of the word "dogs" is some set of more than one dog. The meaning of the word "three" is a particular number. The combination of the word "three" with "dogs" narrows the meaning of the overall phrase to a set of dogs with exactly three members.

Related to this principle are the well-known Gricean maxims within the linguistic subfield of pragmatics. Pragmatics studies the ways that language is used in ordinary speech. The Gricean insight is that for effective communication to occur, speakers and listeners must follow common rules. These include such "maxims of quantity" as "[m]ake your contribution as informative as is required (for the current purposes of the exchange)," but "[d]o not make your contribution more informative than is required" *i.e.*, do not use extra words that do nothing. The import of which is that each of the words that the speaker or writer has chosen should be given real meaning. H. Paul Grice, *Logic and Conversation*, in PETER COLE AND JERRY L. MORGAN, SYNTAX AND SEMANTICS 3: SPEECH ACTS, 41-58, 45 (Academic Press 1975).

A second fundamental principle of linguistics concerns the "meaning contribution" of adjectives in phrases in which they combine with nouns (*e.g.*, "full glass") or nominal phrases (*e.g.*, "full glass of water"). Adjectives that precede a noun or nominal phrase "alter, clarify, or adjust [its] meaning contributions" and, thus, contribute to the overall meaning of the phrase containing them. RODNEY HUDDLESTON AND GEOFFREY K. PULLUM, THE CAMBRIDGE GRAMMAR OF

THE ENGLISH LANGUAGE 526 (Cambridge Univ. Press 2016).

A third fundamental principle is that the meanings of words can be "polysemous," which is to say that they can have multiple, related senses. *See* Dirk Geeraerts, *The Definitional Practice of Dictionaries and the Cognitive Semantic Conception of Polysemy*, LEXICOGRAPHICA 17:6-21 (2001). These are typically indicated in dictionaries by numbered listings with individual explications and examples. For example, the dictionary accessed by typing the word "define" followed by the word "full" in the Google URL bar brings up a brief synopsis of the meaning of the word "full," where two of its most common or basic senses are its function as an adjective and another two are its function as an adverb, as shown in Figure 1.

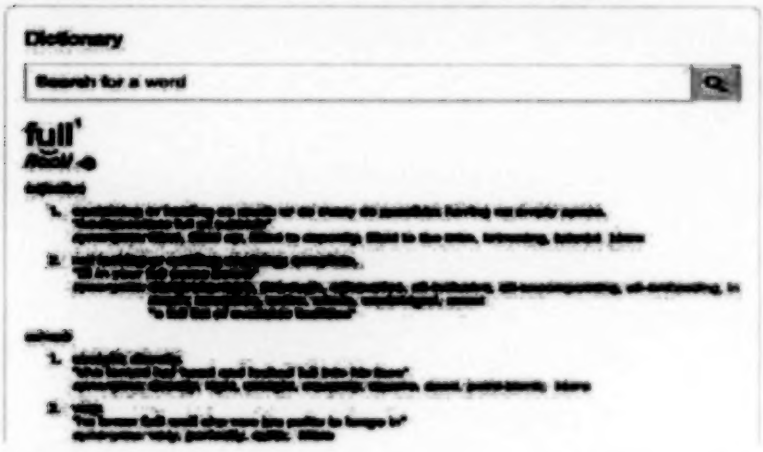

Figure 1: Google search result for the polysemous word "full" (search conducted on December 16, 2018).

Further searches for the dictionary meaning in greater depth in the Google dictionary or in other dictionaries would bring up additional senses and

many more examples. But this simple search suffices to illustrate polysemy.

These principles of linguistics parallel principles of statutory construction. *See* Geoffrey P. Miller, *Pragmatics and the Maxims of Interpretation*, 1990 WIS. L. REV. 1179, 1195-1202 (1990). Words have meaning, and they matter, particularly when Congress selects them in statutes that govern conduct and set expectations. Thus, one first looks to the plain meaning of the text. *See, e.g., Estate of Cowart v. Nicklos Drilling Co.*, 505 U.S. 469, 475 (1992).

A corresponding canon of construction is that "[i]f possible, every word and every provision [of a statute] is to be given effect . . . ." Antonin Scalia & Bryan A. Garner, *Reading Law: The Interpretation of Legal Texts* 174 (2012). "'A statute should be construed so that effect is given to all its provisions, so that no part will be inoperative or superfluous, void or insignificant . . . .'" *Hibbs v. Winn*, 542 U.S. 88, 101 (2004) (quoting 2A N. Singer, Statutes and Statutory Construction § 46.06, pp. 181–186 (rev. 6th ed. 2000)). And where Congress uses different terms in otherwise comparable statutes, one presumes that Congress did so intentionally and for a particular purpose. *See, e.g., Merrill Lynch, Pierce, Fenner & Smith Inc. v. Manning*, 136 S. Ct. 1562, 1578 (2016) (Thomas, J., concurring) (citing *Crawford v. Burke*, 195 U.S. 176, 190 (1904)).

Linguistics and canons of statutory construction thus are perfectly aligned. In linguistics: (1) words and phrases are presumed to have been chosen for their meaning, and the meaning of a phrase is determined by the meaning of its parts and how those parts are arranged; (2) adjectives modify their nouns or nominal phrases—they are not superfluous; and

(3) words may have multiple meanings, although context is key in determining what meaning is intended in a specific case. Under these basic rules of linguistics, "full" means "full." Applying these principles below leads to the conclusion that Section 505 gives the court discretion to award all of a prevailing party's costs, not just its otherwise "taxable" costs.

II. THE MEANING OF "FULL COSTS" IN THE COPYRIGHT ACT.

The key question for present purposes is what contribution the adjective "full" makes to the meaning of the phrase "full costs" as it is used in the Copyright Act, 17 U.S.C. § 505. In relevant part, the statute provides that "the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof." *Id.*

To answer this question, it is helpful to understand what the phrase "full costs" commonly means in similar lexical contexts in which (1) expenses must be accounted for in some way and (2) alternative methods of doing so exist.

Consider, in this light, the use of the term "full costs" in financial accounting. "Full costing," also known as "absorption costing," is an accounting method used to determine the complete end-to-end cost of producing products or services, including both fixed and variable overhead costs. Definition of *Full Costing Method*, Oxford Dictionary of Accounting (5th ed. 2016). Cost accounting can be based on this construct or on "direct costing," which does not consider the fixed overhead costs. Definition of *Direct Costing, id.* The reason for using the adjective "full" in the phrase "full costing" or "full costs" is to set up a contrast between the two

common accounting methods, and to indicate that the intended method when the term "full costs" is used is the one that includes complete end-to-end costs. The word "full" contributes the meaning "complete" or "all" to the overall meaning of the phrase.

At issue in the case of the Copyright Act is how to account for costs incurred in litigation. This is linguistically analogous to the example of general financial accounting: alternative methods can be and have been employed for cost shifting in various contexts.

One method would be to use only so-called "taxable costs." This method would include the costs that are specifically called out in Section 1920: (1) fees of the clerk and marshal; (2) fees for printed or electronically recorded transcripts necessarily obtained for use in the case; (3) fees and disbursements for printing and witnesses; (4) fees for exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case; (5) docket fees; and (6) compensation of court appointed experts and interpreters, and salaries, fees, expenses, and costs of special interpretation services. *See* 28 U.S.C. § 1920. But this method would exclude other costs ("non-taxable costs") such as the cost of experts, electronic discovery, depositions, and copying.

A second method of accounting for recoverable costs would include both the taxable and non-taxable costs—under the broader and not similarly constrained language of Section 505, which was the approach taken by the court below.

The phrase "full costs" is used in a guiding and meaningful way if, as would make sense, the drafters' intent was to specify that only one of these alternative

methods was being explicitly authorized. And, given that the ordinary and common meaning of the adjective "full" is "complete," the method that appears to be specified is the one that includes both taxable and non-taxable costs, *i.e.*, complete costs or all costs. This conclusion is consistent with the linguistic principles that words and phrases are chosen for their meaning, the meaning of a phrase comes from the combination of its parts, and adjectives are not superfluous but rather modify the nouns with which they are paired.

The correctness of this conclusion is particularly evident given the differences between the cost-shifting statutes, Sections 505 and 1920. When Congress first enacted the predecessor to Section 505, it authorized an award of "full costs." When Congress later enacted the predecessor to Section 1920, it did not—and specifically constrained the costs to be awarded in the general case. This difference, which each Congress to recodify the two respective statutes has carried forward, has meaning both from a linguistic and statutory perspective. As to the former, in conformance with the Gricean maxims of quantity, in each statute all and only necessary information is communicated, and the different choice of words should be given meaning. And as to the latter, "when Congress enacts a statute that uses different language from a prior statute, we normally presume that Congress did so to convey a different meaning." *Merrill Lynch*, 136 S. Ct. at 1578 (Thomas, J., concurring).

This conclusion also makes sense when considered against the ordinary meaning of the word "full." The word "full" often makes the same contribution to the meaning of phrases that include it as an adjective

followed by a noun or nominal phrase. Consider, for example, the phrase "full deck of cards." The nominal phrase "deck of cards" signifies a set of cards, presumed to include cards labeled for rank and suit in a standard way. When combined with "full," the overall phrase signifies a complete deck of cards, which is to say one with 52 cards with all of the ranks and suits properly represented. Given the principle of compositionality and basic knowledge of the meanings of the individual words, this meaning can easily be computed. The word "full" makes a potentially useful contribution to the overall meaning, because "full deck of cards" has a meaning that allows for a contrast with decks of cards with missing cards or half decks, double decks, endless decks, and so forth. The phrase in question is appropriately used, by way of example, in the following description of how to play the card game known as Snap: "The deck does not have to be completely full, because what matters are the ranks of the cards and not their suits."[2] Inclusion of "full" is likewise useful in the metaphorical expression "not playing with a full deck of cards," meaning something like "lacking complete intelligence."

There are, of course, situations in which the word "full" is used differently. For example, "full house" as used in poker does not signify a house with no room left in it. It signifies a hand with three cards of the same rank as well as two cards of some other same rank. The principle of compositionality is not at play in these very different contexts, as "full house" is a compound word rather than a syntactically constructed phrase, and compound words often have

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[2] *How to Play Snap*, WikiHow, https://www.wikihow.com/Play-Snap (last visited Dec. 19, 2018).

idiosyncratic meanings, as in the case of "screwdriver" (the drink), "butterfly," "hot dog," and the like. By contrast, the adjective "full" can combine with "house" or a nominal phrase containing "house" in a way that straightforwardly engages the principle of compositionality and adjectival meaning, as in "We're expecting a full house of family and friends."

The phrase "full moon," which yields the meaning "moon at the stage at which it is as if it contains as much light as possible," further demonstrates this concept. The moon appears in a continuum of phases, including "new," "crescent," "quarter," and "half," each of which identifies how much of the moon reflects the light of the sun—and each of which is less than "full." When one refers to a "full moon," however, one is referring to a clear and specific phase when absolutely no more light could be added to the moon.

In all these cases, the adjective "full" clearly clarifies, alters, or adjusts the meaning of the following noun or nominal phrase in some way. "Full moon" means something different from "moon" on its own; "full name" means something different from "name" on its own; and so forth.

This analysis, and the exemplar dictionary search above, show that the exact meaning contribution of the adjective "full" is partially dependent on the particular nominal phrase or noun with which it combines and the overall context. They also demonstrate that the term "full" is or can be "polysemous," meaning that it can take on multiple meanings in different contexts. To resolve these meanings, the context is important—it is not enough, as Corpus Linguistics *Amici* do, simply to point out their existence. For example, if a "full name" were asked for on a form, a first name alone would not

suffice, at least for someone with a surname. But whether a middle initial or full middle name would be needed could depend on the purpose of the form. If it were for a passport application, the full middle name would need to be provided. If it were for a journal article submission, the submitting author could choose to include a middle initial or name or not.

Composition and context are thus key, and here, the composition and context are plain. Under ordinary principles of linguistics, any question as to the meaning of the term "full" and the phrase "full costs" in the context of the Copyright Act should be resolved in conformance with the principle of compositionality, which dictates that the meanings of the component words of a phrase contribute to its overall meaning, and in conformance with the principle that adjectives serve the purpose of adjusting, altering, or clarifying the meaning contributions of the noun or nominal phrase with which they combine. And they should be resolved with respect to context, where the specific rule governing copyright cases is stated differently and set forth separately from the general rule for other cases.

Under these principles of linguistics, the phrase "full costs" in the Copyright Act should have meaning. And because "taxable costs" are less than full costs, the Copyright Act should be read to refer to the complete costs, or all costs, of a party, including both "taxable" and "non-taxable" costs.

III. THE FLAWED "DELEXICALIZATION" ANALYSIS OF CORPUS LINGUISTICS *AMICI*.

A principal claim of the Corpus Linguistics *Amici* is that "full" as it is used in Section 505 of the Copyright

Act should be considered a "delexicalized" adjective, so that it merely functions to "draw attention to and underline an attribute" that is already part of the noun "costs." Brief of Corpus Linguistics *Amici* in Support of Petitioners at 2, 5. We disagree.

"Delexicalization," understood as the loss of clear and independent meaning for a word, is a rarely applicable concept in linguistics. The term has sometimes been used to characterize verbs like "get" when they make only a minimal contribution to the meaning of the verb phrase containing them because the object noun phrase provides most of the meaning, as exemplified by the near synonymy of "She got a divorce from her husband" and "She divorced her husband."

Adjective delexicalization, where applicable, is characterized as a step in the historical process of grammaticalization, whereby an adjective undergoes a shift in meaning and starts being used as an "intensifier" or "degree adverb." *See, e.g.*, Gunter Lorenz, *Really Worthwhile or Not Really Significant? A Corpus-Based Approach to the Delexicalization and Grammaticalization of Intensifiers in Modern English*, in ILSE WISCHER AND GABRIELE DIEWALD, NEW REFLECTIONS ON GRAMMATICALIZATION 143-161 (John Benjamins Publishing Co. 2002); Sali A. Tagliamonte, *So Different and Pretty Cool! Recycling Intensifiers in Toronto, Canada*, ENGLISH LANGUAGE AND LINGUISTICS 12(2): 361-394, 363 (Cambridge Univ. Press 2008).

Adjective delexicalization involves a shift rather than a full loss of meaning. An example is "pretty," in phrases where the word functions as a degree adverb modifying an adjective in such a way as to add the same kind of meaning that "very" or "quite" do, as, for

example, in "pretty awful." The use of the adverb "full" in the second sense in Figure 1, where it is being used as a degree adverb, meaning something like "very" in the example "He knew full well she was too polite to barge in," can be characterized as a delexicalized adjective of the same kind.

But the "delexicalization" claim in the Corpus Linguistics brief concerns something else. The idea, apparently, is that "full" contributes no meaning of its own to the overall phrase containing it when it is combined with a following noun or nominal phrase. But this is just wrong. In most of the cases identified in the brief, including "full costs" and "full deck of cards," the adjective "full" contributes the basic sense of the adjective definition #2 shown in Figure 1, *i.e.*, "complete" or "all." By contrast, the noun standing alone ("costs" or "deck") could refer to a less-than-full subset thereof (*e.g.*, taxable costs or a Snap deck).

Title 17 of the U.S. Code, which contains the Copyright Act, its subsequent amendments, and related laws, uses "full" in other instances to convey completeness. The word "full" appears six times in various contexts in the Title, and it surely is not an accident where it appears.[3] For example, in certain circumstances, the liability of a seller or distributor of an infringing article is limited to cases where that person fails to make a "prompt and full disclosure" of the source of the article upon the request of the copyright holder. 17 U.S.C. § 1309(b)(2). The law

[3] Title 17 of the United States Code includes the Copyright Act of 1976 and subsequent amendments to copyright law: the Semiconductor Chip Protection Act of 1984, as amended; and the Vessel Hull Design Protection Act, as amended. The additional references are in Section 111(f)(5)(B)(ii); Section 704(e); Section 802(f)(1)(A); Section 911(f); and Section 1309(b)(2).

requires full disclosure—and nothing less—regarding copyright infringement.

If "full" is delexicalized as often as Corpus Linguistics *Amici* suggest, then presumably it should be read out of the entire statutory scheme—and that cannot be the case. Congress used the specific phrase "full costs" only twice in Title 17: in Section 505, and in Section 911(f), which grants courts discretion to award "full costs, including attorneys' fees"—indicating that even a much later Congress interpreted the term "full costs" in the copyright litigation context as being much broader than the six prescribed costs awardable under Section 1920, even to "includ[e] attorneys' fees." In short, both times Congress used the phrase "full costs," it was granting the court discretion to award more than taxable costs. If "full" has in fact been delexicalized, then that would beg the question of why Congress specifically chose to use the phrase "full costs" at all.

Nor do the examples that Corpus Linguistics *Amici* cite support their use of the delexicalization concept. The analysis in the principal corpus they rely on at https://goo.gl/Tmjnra includes a categorization of uses of the adjective "full." *Amici* use this to estimate how often the word "full" supposedly is delexicalized, by which they mean that the word "full" could be omitted without a change in meaning. Brief of Corpus Linguistics *Amici*, at 27. The problem is that there is no clear basis for the examples they cite, and no clear application to the statute at hand.

Consider as well, by way of example, the following sentence from the so-called "Oracle corpus," which is listed in the brief as containing an unneeded instance of the adjective "full":

> You can read the [full] details of the adoption story on Adam's blog.

Brief of Corpus Linguistics *Amici*, at 29. This sentence appears on an Oracle blog site, following a short summary of the "adoption story" of a particular web-based management system.[4] Contrary to this assertion, the word "full" is needed and provides meaning to the sentence. Had the author simply used "details of the adoption story," it would be unclear what details were being identified. The noun "details" potentially refers to any set consisting of more than one detail, which does not convey the meaning of completeness that the use of "full" does. Had the author used "the details of the adoption story," including the definite article "the," but not "full," it still would be unclear whether these were selected details or complete details. By contrast, inclusion of "full" in the phrase "the full set of details of the adoption story" lets the reader know that the set of details appearing in the summary is not the complete set. The meaning conveyed by the word "full" is that there is more to the story and it can be found on Adam's blog.

At best the Corpus Linguistics *Amici's* delexicalization argument addresses the use of the word "full" as an adverb—the "knowing full well" example. That, however, is not the question before this Court, as the word clearly is used as an adjective in Section 505. In short, the adjective "full" contributes a meaning that is essentially the same as that of the word "all."

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[4] *See* Java EE 7 in Production at safsms.com, Oracle (July 13, 2015), https://blogs.oracle.com/theaquarium/java-ee-7-in-production-at-safsmscom.

Returning to the phrase "recovery of full costs" from Section 505 of the Copyright Act, even with a delexicalized adjective analysis, it remains the case that the noun "costs" on its own signifies "costs," with no specification of amount. And, rather than underlining and calling attention to something in the meaning of "costs," the inclusion of "full" specifies a specific amount, namely all, not just "taxable," costs.

CONCLUSION

For the foregoing reasons, *Amici* respectfully submit that the Court should affirm the decision of the Ninth Circuit.

Respectfully submitted,

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